Annual Report

Alberta Municipal Affairs

2005-2006

Alberta

PREFACE

The Public Accounts of Alberta are prepared in accordance with the *Financial Administration Act* and the *Government Accountability Act*. The Public Accounts consist of the annual report of the Government of Alberta and the annual reports of each of the 24 ministries.

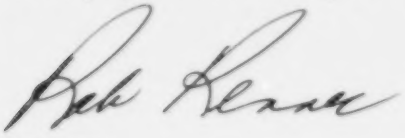
The annual report of the Government of Alberta released June 26, 2006, contains the Minister of Finance's accountability statement, the consolidated financial statements of the Province and a comparison of the actual performance results to desired results set out in the government's business plan, including the *Measuring Up* report.

This annual report of the Ministry of Municipal Affairs contains the Minister's accountability statement, the audited financial statements of the Ministry and a comparison of actual performance results to desired results set out in the Ministry business plan. This Ministry annual report also includes:

- other financial information as required by the *Financial Administration Act* and *Government Accountability Act*, either as separate reports or as a part of the financial statements, to the extent that the Ministry has anything to report, and
- financial information relating to the Improvement Districts' Trust Account and the audited financial statements of the Special Areas Trust Account.

Minister's Accountability Statement

The Ministry's annual report for the year ended March 31, 2006, was prepared under my direction in accordance with the *Government Accountability Act* and the government's accounting policies. All of the government's policy decisions as at September 1, 2006, with material economic or fiscal implications of which I am aware have been considered in the preparation of this report.



Rob Renner
Minister, Alberta Municipal Affairs

2007-00126

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Vision

Viable, responsive, and well-managed local governments and a public safety system that results in safe buildings, equipment and facilities, and effective emergency management.

Mission

Municipal Affairs works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local matters, and the private sector to ensure Albertans live in safe, well-managed communities and are served by open, effective, accountable and well-managed local governments.

Values

As a Ministry, we value and support honesty, fairness, professionalism, and accountability, while focusing on exceptional service for our clients. We value our staff and their contributions of innovation, creativity, collaboration and open communication. These elements are key in achieving our Ministry's vision.

Message from the Minister

I am pleased to present the Municipal Affairs Annual Report for 2005-06.

This year has been marked by a strong focus on emergency response and recovery, due to the severe weather and subsequent flooding that affected much of the province in June. During the floods, municipalities and local emergency responders provided their communities with the support they needed to remain safe. As a result of the flooding, Municipal Affairs, through Emergency Management Alberta, administered the largest disaster recovery program in the history of the province. With more than 12,000 applications for assistance received, our staff worked incredibly hard to get the lives of those Albertans affected by the storm back to normal.

Our focus on mitigation, preparation, response to and recovery from natural disasters and emergencies continued with the formation of the Environmental Protection Commission. This multi-stakeholder group set out to review the province's emergency preparedness framework in light of the CN train derailment at Wabamun Lake. The committee's recommendations will help us to build on Alberta's already sound emergency preparedness procedures, with the end result of a world-class emergency management system.

The success of our municipalities, and in turn a strong future for our province, cannot be achieved without collaboration, and many of this year's accomplishments could not have been realized without the excellent work of our partners. Municipal officials, the Alberta Urban Municipalities Association (AUMA) and the Alberta Association of Municipal Districts & Counties (AAMD&C), have all played a vital role as they advocate on behalf on Alberta's communities. We also built on our strong relationship with the Safety Codes Council and the Fire Services Advisory Committee, working with both groups to help ensure that the province's safety codes, legislation, and fire services keep our homes and communities safe.

Municipal Affairs continues to focus on facilitating strong municipalities, served by effective local governments. To that end, I am pleased to be working with our municipal partners on the Minister's Council on Municipal Sustainability. Through the reinvigorated Council, we are examining the provincial-municipal relationship, our roles and responsibilities, and how we can work together to help Alberta's communities remain viable and successful.

As we move into the future together, I look forward to working with municipal leaders and organizations, as well as public safety and emergency management officials, to keep Alberta safe, well-managed, and strong.

Rob Renner
Minister, Alberta Municipal Affairs

Management's Responsibility for Reporting

The Ministry of Municipal Affairs includes the Department of Municipal Affairs, the Municipal Government Board and the Safety Codes Council, which are included in one financial statement.

The executives of the individual entities within the Ministry have the primary responsibility and accountability for the respective entities. Collectively, the executives ensure the Ministry complies with all relevant legislation, regulations and policies.

Ministry business plans, annual reports, performance results and the supporting management information are integral to the government's fiscal and business plans, annual report, quarterly reports and other financial and performance reporting.

Responsibility for the integrity and objectivity of the financial statements and performance results for the Ministry rests with the Minister of Municipal Affairs. Under the direction of the Minister, I oversee the preparation of the Ministry's annual report, including financial statements and performance results. The financial statements and performance results, of necessity, include amounts that are based on estimates and judgments. The financial statements are prepared in accordance with the government's stated accounting policies.

As Deputy Minister, in addition to program responsibilities, I establish and maintain the Ministry's financial administration and reporting functions. The Ministry maintains systems of financial management and internal control that give consideration to costs, benefits and risks that are designed to:

- provide reasonable assurance that transactions are properly authorized, executed in accordance with prescribed legislation and regulations, and properly recorded so as to maintain accountability of public money;
- provide information to manage and report on performance;
- safeguard the assets and properties of the Province under Ministry administration;
- provide Executive Council, Treasury Board, the Minister of Finance and the Minister of Municipal Affairs with any information needed to fulfill their responsibilities; and
- facilitate preparation of Ministry business plans and annual reports required under the *Government Accountability Act*.

In fulfilling my responsibilities for the Ministry, I have relied, as necessary, on the executive of the individual entities within the Ministry.

Dan Bader

Dan Bader, P.Eng.
Deputy Minister, Alberta Municipal Affairs
September 1, 2006

OVERVIEW

Entity Map

Department of
Municipal Affairs
Functional Organization
as at March 31, 2006

e-mail: comments@gov.ab.ca
Website: www.municipalaffairs.gov.ab.ca

Operations and Services

The Ministry of Municipal Affairs includes the Department of Municipal Affairs and the Municipal Government Board.

Department of Municipal Affairs

The Department of Municipal Affairs has two main operating divisions: Local Government Services and Public Safety.

Local Government Services Division

The Local Government Services Division provides support and advice to municipalities to help them develop sustainable and effective local government for Albertans. Services focus on municipal capacity viability, co-operation, and assessment and tax policy.

There are two branches in this division: the Municipal Services Branch and the Assessment Services Branch, which are both supported by the Divisional Services Unit.

The Special Areas Board also reports to this division.

Municipal Services

This branch provides policy, planning, analytical and legislative drafting support to meet the department's responsibilities in the areas of municipal legislation, municipal taxation, land use planning, inter-municipal co-operation and municipal status changes. It also provides advisory and financial support to help municipalities operate efficiently.

To meet these responsibilities, the branch works with a broad range of stakeholders including municipalities and their associations, as well as businesses, industry and not-for-profit organizations.

Assessment Services

This branch develops assessment standards and guidelines, and it audits municipal assessments to ensure that each municipality prepares its assessment according to provincial legislation. It leads the development of assessment and education property tax policy for the province and prepares the education property tax requisitions. It also prepares the assessment of linear property (e.g., oil and gas wells, pipelines, and electric power and telecommunication properties) in Alberta. The branch works in partnership with local governments, assessment professionals and industry to support municipal governments and ensure confidence in the property assessment system.

Divisional Services Unit

This unit provides information, advice, assistance and co-ordination as required. It participates in major divisional projects and also co-ordinates a range of division-wide business service activities such as business planning, budgeting, and information technology co-ordination. Ongoing programs include the *milenet* gateway to online services.

Special Areas Board

The Special Areas Board is appointed by the Lieutenant Governor in Council and is responsible for the management and administration of the Special Areas, located in southeast Alberta. Powers and duties as laid out in the *Special Areas Act* are delegated by the Minister of Municipal Affairs to the Special Areas Board by Ministerial Order. These duties include the management of some 2.86 million acres of public land within the Special Areas and the provision of municipal services to the residents of the Special Areas.

Public Safety Division

Safety codes, emergency management and fire protection

The Public Safety Division includes the Safety Services, Emergency Management Alberta and Fire Commissioner's Office branches supported by the Policy and Strategic Services unit. The division provides a framework of safety codes and standards to promote the safe construction, operation and maintenance of buildings, facilities and associated equipment. It provides emergency management programs that assist Albertans in mitigating, preparing for, responding to and recovering from disasters and major emergencies. The division also promotes fire safety throughout the province and encourages co-operative fire protection initiatives and the adoption of effective training levels and standards.

Safety Services

This branch administers the *Safety Codes Act*, which establishes codes, standards and administrative processes in 10 disciplines: pressure equipment; building; fire; plumbing; gas; electrical; elevators; amusement rides; passenger ropeways (ski lifts); and private sewage disposal systems. With the Safety Codes Council, it assists municipalities, corporations and other organizations that have delegated authority to administer safety codes and standards, monitors and evaluates the performance of these organizations in administering the act, and co-ordinates and encourages the principles of barrier-free design and access for anything regulated by the act. Safety Services also participates as the provincial representative in the development of national and international codes and standards. In addition, the branch provides technical advice and program support to

municipalities, corporations, inspection agencies, the Safety Codes Council, contractors, industry and the public.

Emergency Management Alberta (EMA)

This branch develops and carries out a province-wide program that enhances the ability of municipalities and the province to mitigate, prepare for, respond to and recover from disasters and major emergencies. EMA administers the province's disaster recovery programs that provide financial assistance to households, small businesses, farming operations and municipalities for uninsurable losses resulting from natural disasters. The branch also co-ordinates hazard specific plans for all Alberta government departments, is the lead for government-wide business continuity planning and is responsible for administering the Alberta Counter-Terrorism Crisis Management Plan.

Fire Commissioner's Office (FCO)

This branch provides support and advice to fire departments and municipalities on fire service matters. The FCO partners with municipalities, government agencies and committees, service providers, local authorities and other organizations to improve fire protection standards and services. It promotes public education through programs such as the Risk Watch injury prevention program, and it works in partnership with the **fire etc.** training school and the Safety Codes Council to provide training and support for firefighters, safety codes officers and municipal officials. The FCO also disseminates technical information and fire prevention and safety publications. In addition, the office collects, analyzes and reports on fire incident data.

Policy and Strategic Services

This unit leads the policy development process for the division and provides strategic guidance for planning and issues management. Policy and Strategic Services (PSS) co-ordinates divisional initiatives and communications, and provides program assessment services. The branch works to harmonize Public Safety Division activities to ensure alignment with both long- and short-term government and department priorities, and it represents the division and ministry on departmental and cross-government committees and initiatives. PSS also liaises with the Auditor General's staff on divisional matters and monitors the Safety Codes Council's administration of the Underground Petroleum Storage Tank Site Remediation Program on behalf of Municipal Affairs.

Support Services

Staff from specialized areas including Business Services, Financial and Information Technology Services, Legal Services, Communications, and Human Resource Services support the department in achieving their business plan goals.

Municipal Government Board

Adjudications based on the *Municipal Government Act*

The Municipal Government Board conducts independent, quasi-judicial adjudication functions required by the *Municipal Government Act* with respect to property assessment appeals, linear property assessment complaints, equalized assessment appeals, subdivision appeals, annexation recommendations, intermunicipal disputes and other matters referred to the board by the Minister of Municipal Affairs or Lieutenant Governor in Council.

Shared Services

Municipal Affairs continues to support Alberta Restructuring and Government Efficiency through the purchasing of administrative, information technology, financial and human resource processing services.

The Ministry also supports Alberta Government Services by providing strategic administrative and legal services through a shared services agreement.

Core Businesses

Municipal Affairs supports the following core businesses as indicated in its business plan for 2005-08:

Core Business 1: **Local Government Services**

Providing support services, policies and legislation that enhance the development of an accountable, well-managed, responsive and effective local government sector.

Core Business 2: **Safety Services and Fire Protection**

Administering the safety system—the aggregate of provincial programs, regulations, partnerships, codes and standards—that provides for safety in the areas governed by the *Safety Codes Act* and promotes fire protection throughout the province.

Core Business 3: **Emergency Management Alberta**

Leading and managing provincial emergency management programs and supporting municipalities to ensure their preparedness to deal with major emergencies and disasters.

Core Business 4: **Municipal Government Board**

Providing independent, quasi-judicial adjudication on matters specified under the *Municipal Government Act*.

Analysis of Key Activities

Municipal Affairs was involved in numerous activities during 2005-06, as demonstrated in the Results Analysis section of this report. The following information outlines the main program initiatives and significant accomplishments, as well as the major consultations and legislative changes that took place during the year.

Program Initiatives and Significant Accomplishments

2005 Southern Alberta Disaster Recovery Program

In June 2005, Municipal Affairs responded to extensive flooding that constituted the largest disaster in recent Alberta history and caused 34 municipalities to declare states of local emergency. The department co-ordinated cross-government support to an area that covered almost one-third of the province and included 61 municipalities and seven First Nation communities. After the damage was fully assessed, the total program cost of the 2005 Southern Alberta Disaster Recovery Program was estimated at $162.7 million in assistance to municipalities and the almost 9,000 approved applications submitted by residences and small businesses affected by uninsurable flood damage.

Provincial Disaster Recovery Programs

In addition to the 2005 Southern Alberta Disaster Recovery Program, Municipal Affairs allocated a total of more than $8 million to four other programs that helped Albertans and municipal governments recover from the effects of overland flooding:

- The 2005 Peace River Disaster Recovery Program provided $285,000 to assist with eligible costs that resulted from groundwater seepage caused by a number of contributing factors from January to March 2005.
- The 2005 City of Westaskiwin Disaster Recovery Program provided $450,000 to assist with eligible costs that resulted from two severe rainstorms in June 2005.
- The 2005 East Central Disaster Recovery Program provided $1.25 million to assist with eligible costs that resulted from severe rainstorms in east central Alberta in August 2005.
- The 2005 Fall Southern Alberta Disaster Recovery Program provided $6.5 million to assist with eligible costs that resulted from severe snow and rainstorms in September 2005.

Local Authorities Election Act Review

An MLA committee led the review of the *Local Authorities Election Act* in 2005. This enhanced review focused on local election procedures and issues, including voter identification and lists, special ballots, campaign advertising and terms of office. Ten focus group meetings were held

throughout the province, in addition to public consultations on the review of the act. The committee's final report, presented in November 2005, incorporated recommendations from the Clark Inspection Report, which looked into alleged irregularities in the 2004 Calgary Ward 10 election.

Minister's Council on Municipal Sustainability: Enhancing the Provincial/Municipal Relationship

Working together to support Albertans and their municipalities

In 2005-06, the Minister reinvigorated the former Minister's Provincial/Municipal Council on Roles, Responsibilities and Resources as the Minister's Council on Municipal Sustainability to address issues related to municipal sustainability. The Minister's Council began working on clarifying municipal roles and responsibilities, exploring potential new municipal revenue sources, and enhancing intermunicipal relationships, particularly around land use planning and growth. The Minister's Council will also assess how these projects will impact rural and small urban municipalities.

In addition to these specific projects, the Minister's Council serves as an ongoing provincial/municipal forum to discuss issues of the day, with a goal of enhancing the relationship between provincial and municipal governments. The Minister's Council is chaired by the Minister of Municipal Affairs and includes the mayors of Calgary and Edmonton and the presidents of the Alberta Association of Municipal Districts & Counties (AAMD&C) and the Alberta Urban Municipalities Association (AUMA).

Federal New Deal for Cities and Communities

The Governments of Canada and Alberta signed an agreement in May 2005 to share a portion of federal gas taxes with Alberta municipalities. Municipalities in Alberta will benefit from this $476.9 million in federal funding over five years. New Deal funding is to be directed at environmentally sustainable municipal infrastructure such as public transit; water and wastewater systems; community energy systems; solid waste management; rehabilitation of roads and bridges; and capacity building.

Development of a Unifying Fire Service Framework

Bringing Alberta's fire services together to keep communities safe

Municipal Affairs, through the Fire Commissioner's Office, is assisting the Alberta Fire Services Advisory Committee (FSAC) with developing a unifying framework for Alberta's fire service. The committee conducted a series of six regional meetings on this initiative in 2005, as well as followup presentations to the AUMA and the AAMD&C. These working sessions gave stakeholders an opportunity to provide feedback on the development of a unifying framework that will give communities the tools they need to deliver the best in emergency service to Albertans.

Alberta Risk Protocol Project

Municipal Affairs launched the Alberta Risk Protocol (ARP) project in support of FSAC's efforts to develop a unifying framework for the Alberta fire service. The ARP will be an automated risk management tool that

can be used by municipalities to assess the public safety risks in their communities, and by the Government of Alberta to assess any gaps in provincial preparedness. The intention is to provide a tool that will be available for municipalities to use in assessing public safety risks and developing appropriate response capabilities for their fire departments. Other contributors to the project include neighbouring provincial governments and other Alberta provincial departments, as well as various associations and municipal organizations.

Pandemic Preparedness

Working with partners to prepare

Municipal Affairs and Alberta Health and Wellness partnered to establish the Government of Alberta Pandemic Planning Team and initiate a cross-government pandemic influenza planning process for the province. The planning team will also work with industry and municipalities to develop a Pandemic Influenza Plan that will help minimize societal disruption and co-ordinate response and recovery efforts at the provincial level. The planning process will include supporting the continuation of essential municipal services and the medical treatment efforts of Regional Health Authorities, as well as a review of all Government of Alberta business continuity plans.

Edmonton International Airport Vicinity Protection Area Regulation

Municipal Affairs, in conjunction with the cities of Leduc and Edmonton, Leduc County, Parkland County and the Edmonton Regional Airports Authority, completed a review of the Edmonton International Airport Vicinity Protection Area (AVPA) Regulation. Following public information sessions and working with the affected municipalities and other stakeholders, the Ministry finalized the new regulation. The new Edmonton International AVPA Regulation balances local, regional and provincial interests by preventing development that would be incompatible with the noise generated by airport operations and helping the long-term viability of the airport.

Regional Municipality of Wood Buffalo Bridge Financing

Supporting municipalities with targeted financing

In 2005, the government agreed to provide a loan of up to $136 million to the Regional Municipality of Wood Buffalo through the Alberta Capital Finance Authority. The municipality has decided to use this loan to help fund a tertiary wastewater treatment plant. Municipal Affairs will pay the interest expense during the four-year period before repayment begins. Ministry staff worked with Wood Buffalo officials on increasing the borrowing thresholds for the municipality, consulting on a draft borrowing bylaw and completing the financial arrangements with the Alberta Capital Finance Authority.

Alberta Fire & Injury Prevention Educator's Network

The Alberta Fire & Injury Prevention Educator's Network (FIPEN) was formed by the Fire Commissioner's Office in 2005 to support fire and injury prevention in the province. FIPEN's objective is to provide training

and teaching resources that will allow individuals like firefighters and emergency medical service professionals to act as more effective safety educators in their communities. The advisory committee for the network includes representatives from 13 Alberta government departments, the Alberta Centre for Injury Control & Research, Health Canada, and the Alberta Ambulance Operators Association.

Objective-Based Codes

Following the release of model national codes in late 2005, Municipal Affairs worked in partnership with the Safety Codes Council to finalize new objective-based editions of the Alberta building, fire and plumbing codes. The new-style construction and fire-protection codes, which allow greater room for innovation while maintaining appropriate safety standards, are anticipated to be ready for adoption in late 2006. The department also partnered with the Safety Codes Council to deliver a training program to code users that will assist them in making the transition to the soon-to-be-adopted objective-based codes.

Municipal Sponsorship Program

Helping municipalities meet their needs

The Municipal Sponsorship Program continued to assist Alberta municipalities by providing grants for projects that promote innovation, excellence and co-operation in improving municipal governance or administration; enhancing municipal services or service delivery; and/or increasing intermunicipal co-operation. In 2005-06, a total of 285 applications were received and approved, with grants totalling $14.5 million awarded. These amounts included 61 applications representing $1.6 million in grant funding for projects proposed to collect municipal infrastructure information. This new program feature was introduced in 2005-06 to assist municipalities access grant funding under the Alberta Municipal Infrastructure Program. As well, a program evaluation was initiated to develop recommendations for improving program delivery. The program is open to municipalities with populations of 20,000 or less.

ME first!

The *ME first!* program provides an interest subsidy on loans provided by the Alberta Capital Finance Authority for municipal projects that improve energy savings and reduce greenhouse gas emissions. In 2005-06, the program approved $13.6 million in interest-free loans to 24 municipalities for 25 energy efficiency projects. Examples of funded projects include a partnership between the Town of Legal and Sturgeon County to upgrade the arena and curling rink by installing arena controllers and heat exchangers, and a project in the Town of Viking to install two variable frequency drives on the pumps at their water treatment plant. As well, more than 200 municipal representatives were consulted in fall 2005 as part of a program evaluation to assess the programs strengths and weaknesses and provide suggestions for improvement.

Significant Incident Investigations Team

Municipal Affairs has established a Significant Incident Investigations Team, made up of safety experts from the Fire Commissioner's Office and Safety Services. The team can assist municipalities with the review of major emergency incidents involving any of the disciplines under the *Safety Codes Act*. It was deployed in 2005-06 to help investigate the cause, origin and circumstances of major fires.

Dispute Resolution Activities

In 2005-06, Intermunicipal Dispute Resolution Program staff assisted in working towards solution for 14 disputes involving 28 municipalities. Six of these were continued from previous years, and eight were new. Four of these disputes were resolved successfully, one dispute could not be resolved and one was partially resolved, with the remaining disputes referred to the Municipal Government Board. This program helps develop local solutions to local problems and includes pre-mediation services to determine if a dispute can be mediated. Mediations cover such issues as annexations, land use, shared services and regional co-operation, and cost sharing. The cost of mediation is shared between all parties, including the Ministry.

Helping municipalities work together to solve disputes

In the Local Dispute Resolution Program, staff continued to work with five municipalities and began new discussions with two municipalities. The program deals with issues such as public policy disputes, disputes about policy implementation or municipal administration, organizational and administrative conflict, contractual disputes, and/or legal practices and alternatives to litigation. In 2005-06, program staff formally released a public involvement toolkit and delivered two sessions of a one-day course that introduced the toolkit to municipal officials.

Regional Partnerships Activities

The Regional Partnerships Initiative provided $2.4 million in grants to 14 partnerships, comprising 110 partner municipalities, to explore shared-services and related partnership opportunities in their respective regions.

For example, the Calgary Regional Partnership, which represents 13 municipalities with a total population of more than one million, received more than $1 million in grants. The grants helped to develop a sustainable regional geographic information system service and to design a regional planning issues framework that will provide guidance to regional growth, economic development, transportation infrastructure, municipal servicing, social initiatives and the environment over a 30-50 year time horizon. Also, the Lamont Regional Partnership, which represents six municipalities with a total population of 8,521, received an implementation grant of $100,000. This grant helped to develop a comprehensive approach to a regional bylaw enforcement, safety/training co-ordination, waste transfer station design, utilities and public works, fire services, recreation and economic development.

Municipal Internship Program

In 2005-06, the Municipal Internship Program placed 10 interns in 10 municipalities. This program aims to help Alberta municipalities with their needs for staff succession planning by training and developing administrative leaders for the future, and it also provides a grant to help pay some of the interns' wages and expenses.

"Ask an Expert" Discussion Forum

Early in 2006, Municipal Affairs designed and launched a new interactive online discussion forum that provides enhanced technical support to users of Alberta's safety system. Accessible though an "Ask an Expert" link on the Safety Services web page, the new discussion forum allows people who need technical support or code advice on anything from building a deck to installing a private sewage system to post questions and receive written responses directly from Safety Services technical advisors. The forum also has a search function that allows people to quickly find information on topics that have already been discussed. With the province's current building boom creating an increasing need for technical advice, the "Ask an Expert" discussion forum provides an innovative new way for Albertans to access the assistance they need.

Municipal Government Board

The Municipal Government Board (MGB) held 2,112 hearings in 2005-06, in comparison to 1,535 hearings in 2004-05. Property assessment appeals and linear assessment complaints continue to account for the majority of the work before the MGB. In addition, the MGB continued working closely with affected parties to improve efficiency in managing caseloads and effectively apply resources to handle the increased number of appeal hearings.

Cross-Ministry Initiatives

Ministerial Steering Committee on Emergency Response

As a result of the August 3, 2005, CN train derailment at Wabamun Lake, Alberta Environment established an Environmental Protection Commission to review Alberta's ability to respond to environmental incidents. The commission's final report provided observations and recommendations for building on the province's sound emergency preparedness framework, taking it to a world-class emergency management system.

After accepting the report's recommendations, the Government of Alberta established a Ministerial Steering Committee supported by an Implementation Team to lead the implementation of enhancements to the province's emergency management system. The Minister of Municipal Affairs chairs the cross-government steering committee, which also includes the Ministers of Environment, Infrastructure and Transportation,

and Solicitor General and Public Security. The Deputy Ministers of those four departments form the Implementation Team.

Economic Development Strategy

Municipal Affairs continued to participate on the interdepartmental committee supporting the Economic Development and Innovation Cross Ministry Initiative. Municipal Affairs played a lead role in the strategy, working with municipalities to clarify provincial/municipal roles, responsibilities and resources via the Minister's Council on Municipal Sustainability. Further, the Ministry supported Alberta Infrastructure and Transportation as they worked with municipalities to manage urban growth via a major one-time funding increase for municipal infrastructure to support urban and rural communities.

Land Use Framework

Ministry staff participated in the initial steps to develop a Land Use Framework, one of the Government of Alberta's eight key cross-ministry initiatives for 2005-08.

The framework is intended as a guide on how the province governs and manages land, resources and the natural environment in the face of growing development pressures and an expanding population. The framework will be based on a shared, values-based vision and common ideas of what future land use in Alberta might look like.

There are a number of ministries involved in the development of the framework, including Sustainable Resource Development, Energy, Municipal Affairs, Environment, Agriculture, Food and Rural Development, Community Development, and Aboriginal Affairs and Northern Development.

Methamphetamine Working Group

Municipal Affairs participated in a Methamphetamine Working Group brought together to analyze the growing methamphetamine problem in the province. The working group, chaired by the Solicitor General's Office, was a partnership with Alberta Health and Wellness, municipal first responders and other response agencies and partners.

After reviewing the methamphetamine issue from a number of perspectives, the group developed a comprehensive response strategy to begin addressing the situation. As part of that response, Municipal Affairs is co-funding the production of an instructional video for first responders on how to recognize and operate safely in methamphetamine labs and how to deal with individuals under its effects.

Major Consultations

Updated Assessment Standards

Ministry staff held six stakeholder working group consultation meetings to seek input regarding an update of the models, rates, and depreciation standards used for assessing and taxing property held by telecommunications carriers and cable distribution undertakings. In addition, on a yearly basis, the Assessment Services Branch develops modifiers to adjust regulated industrial property assessments to current levels. Four stakeholder working group consultation meetings sought input regarding the assessment year modifier process.

Secondary Suites

In March 2006, the MLA Review Committee on Secondary Suites presented its final report to the Minister of Municipal Affairs, setting out recommendations for recognizing secondary or basement suites under the Alberta building and fire codes. Municipal Affairs then launched a final online public consultation on the proposed safety standards to ensure that Albertans have the opportunity to provide feedback on the recommendations in the report.

Legislative and Policy Changes

Local Government Services

Bill 28, the *Municipal Government Amendment Act*, 2005, amended the act in a number of ways, including providing two new tools for municipal revenue generation (a community revitalization levy and a community aggregate payment levy); clarifying the tax status of those properties that are leased from the Crown in provincial parks and recreation areas and in National parks; and clarifying the administration of the linear property assessment process.

The community revitalization levy allows any municipality to pass a bylaw to designate a specific district for redevelopment, and to set the length of time financing will be in effect. The community aggregate payment levy allows a municipality to pass a bylaw to set and collect a levy from sand and gravel operators to address some of the impacts of the extraction activity.

The clarification of the assessment of Crown leases will ensure consistency in property taxation rules among municipalities for similar property, regardless of location. The clarification of the linear property assessment process (dealing with telecommunications systems, pipelines, wells and electric power transmission systems) will improve the clarity of the existing process, lead to internal administrative efficiencies and improve linear property assessments.

In addition, Bill 3, the *City of Lloydminster Act*, came into force in May 2005. The act recognizes the current status of Lloydminster and clarifies the process for approval of a new Charter for the City of Lloydminster by the governments of both Alberta and Saskatchewan.

The following legislative changes were also made in 2005-06:

- the Calgary International Airport Vicinity Protection Area Regulation was amended to allow for a medical clinic in an existing building;
- the Debt Limit Regulation was reviewed to meet the requirements of the Regulatory Review Secretariat, and the expiry date was amended to extend to March 31, 2010;
- the Vermilion River Regional Waste Management Commission was established to provide regional waste management services to its member municipalities, which include the Town of Vermilion, the County of Vermilion No. 24, and the Villages of Dewberry, Kitscoty, Marwayne and Paradise Valley;
- the Aquatera Utilities Inc. Regulation was re-enacted, allowing Aquatera to continue to provide essential utility services to the City of Grande Prairie, the County of Grande Prairie, and the Town of Sexsmith. In addition, the definition of "public utility" in the regulation was expanded to include steam, heat and electric power;
- the Business Revitalization Zone Regulation was reviewed to meet the requirements of the Regulatory Review Secretariat. Amendments were made to extend the expiry date to June 11, 2011, and to clarify the legal status of a business revitalization zone as a non-profit organization;
- the Senatorial Selection and Local Authorities Election Forms Regulation was re-enacted and incorporated changes made to the Local Authorities Election Forms Regulation. The regulation sets out provisions for the use of forms used in local elections when a senatorial election is occurring at the same time;
- the Regional Services Commission Debt Limit Regulation was reviewed to meet the requirements of the Regulatory Review Secretariat, and it was amended to require regional services commissions' financial statements to be made available to the public in the same manner as municipalities' financial statements and to extend the expiry date to June 30, 2010;
- the Investment Regulation was reviewed to meet the requirements of the Regulatory Review Secretariat, and it was amended to delete a reference to a rating agency that no longer exists, to extend security ratings for investments under the Major Cities Investment Regulation to general investments allowed under the Investment Regulation for Edmonton and Calgary, and to extend the expiry date to June 30, 2010;
- the Major Cities Investment Regulation was reviewed to meet the requirements of the Regulatory Review Secretariat. Amendments were made to the regulation to allow for five additional forms of investments, changes in the bond ratings, and to extend the expiry date to June 30, 2010;

- the Lloydminster Charter was amended to validate the method by which the city, in agreement with the local school boards, collects and remits taxes for education purposes. The Charter sets out the details relating to the governance and administration of the City of Lloydminster, and to reflect that the city is now using Alberta's system of assessment and taxation, the amendments were made retroactive to January 1, 2005;
- the Qualifications of Assessor Regulation was re-enacted. The regulation ensures that the person(s) appointed by a municipality to the position of designated officer or the person designated by the Minister to carry out the duties and responsibilities of an assessor has the professional or other equivalent expertise to fulfil his or her duties;
- the Equalized Assessment Variance Regulation was re-enacted to maintain the ability of the Minister to mitigate the effects of economic fluctuations on school requisitions that are based on a municipality's equalized assessment;
- the new Community Aggregate Payment Levy Regulation was enacted. The regulation provides the details about the application of the levy, which was included as an amendment to the *Municipal Government Act* in 2005. Among other administrative matters, the regulation requires the municipality to set a single levy, up to a maximum of 25 cents per tonne of sand and gravel shipped, to be applied uniformly throughout the municipality;
- the Assessment Complaints and Appeals Regulation was reviewed to meet the requirements of the Regulatory Review Secretariat, and it was amended only to extend its expiry date to December 31, 2006. A replacement regulation will be consulted on during 2006;
- the Determination of Population Regulation was reviewed to meet the requirements of the Regulatory Review Secretariat , and was amended to provide for a definition of "usual residence" and to change its expiry date;
- the Capital Region Assessment Services Commission Regulation was amended to add the Village of Kinuso and the Town of Swan Hills as members; and
- the Edmonton International Airport Vicinity Protection Area Regulation was repealed and replaced with a new regulation which updated the noise exposure forecasts and developments permitted at various noise levels.

Public Safety Division

The Public Safety Division made the following regulatory changes in 2005-06:

- The Gas Code Regulation was repealed and replaced;
- the Passenger Ropeways Standards Regulation was amended to include a new supplement to the adopted code;
- the Release of Information Regulation was amended in February 2006 to change the expiry date of the regulation from February 28, 2006, to February 28, 2011;

- the Administrative Items Regulation was amended by the Pressure Equipment Safety Regulation to repeal section 17, section 18(f) and section 19;
- the Boilers and Pressure Vessels Regulation and the Design, Construction and Installation of Boilers and Pressure Vessels Regulations were repealed and replaced by the Pressure Equipment Safety Regulation; and
- the Boilers and Pressure Vessels Exemption Order was repealed and replaced by the Pressure Equipment Exemption Order.

Key Factors Influencing Performance

Flooding

When a disaster recovery program is initiated, Municipal Affairs has a performance measure target of evaluators visiting 100 per cent of sites within 30 days of an application being received. In 2005-06, a number of factors contributed to this target not being met for the 2005 Southern Alberta Disaster Recovery Program (SADRP), for which a record number of applications were received. Along with the unprecedented scope and geographic size of the SADRP, there were also a number of other programs running at the same time in other provinces. This caused significant challenges for the department in retaining enough qualified evaluators to properly staff the SADRP evaluation team. The extent of damage in certain areas of the province also required the prioritization of evaluator visits based on need versus when the application was received. This caused some delays in evaluator visits to applicants who suffered minor damages so that applicants who were devastated by the flooding could receive assistance as quickly as possible.

FUTURE CHALLENGES

The Future of Emergency Management

With the intensifying effects of natural disasters, the possibility of pandemic influenza, and increasing focus on mitigation, response and recovery activities, the face of emergency management in Alberta will change over the coming year.

With devastating floods hitting much of the province in 2005, the work of the Flood Risk Mitigation Committee is of increasing importance. The committee's work to identify and map Alberta's flood plains will help minimize damage from future flooding while providing municipalities with information to help guide development in these areas.

In addition, there is widespread agreement among global health authorities that an outbreak of pandemic influenza is likely to impact North America within the next 1-3 years. Pandemic influenza would have an impact on all sectors of society and across a wide range of demographic groups, with subsequent negative effects on the economy and society as a whole. A severe outbreak would put municipal and provincial emergency plans to the test, and the potential incapacitation of large numbers of staff could lead to wide-scale implementation of business continuity plans. Alberta Health and Wellness is the lead agency in this area. Municipal Affairs' role is to co-ordinate the Government of Alberta response through Emergency Management Alberta based on the requirements of the plan submitted by Alberta Health and Wellness.

Finally, the government is conducting a detailed review on what is needed to ensure Alberta has a world-class emergency management system. The review was initiated after the August 2005 CN derailment, which saw oil and other contaminants spill into Lake Wabamun. Recommendations produced by the Environmental Protection Commission, formed in the wake of the spill, will help form the future of emergency management in the province, including a cross-government, consolidated risk assessment for all hazards in Alberta.

Municipal Sustainability

Alberta's sizzling economy is causing sustainability issues for many municipalities. Some municipalities are challenged to keep up with growth in the face of limited revenue opportunities. This includes those communities that are experiencing rapid growth, as well as increasing conflicts between urban and rural municipalities over land management and cost-sharing, for example. Municipalities are also looking for alternative revenue sources, including increased taxing authority.

Succession Planning

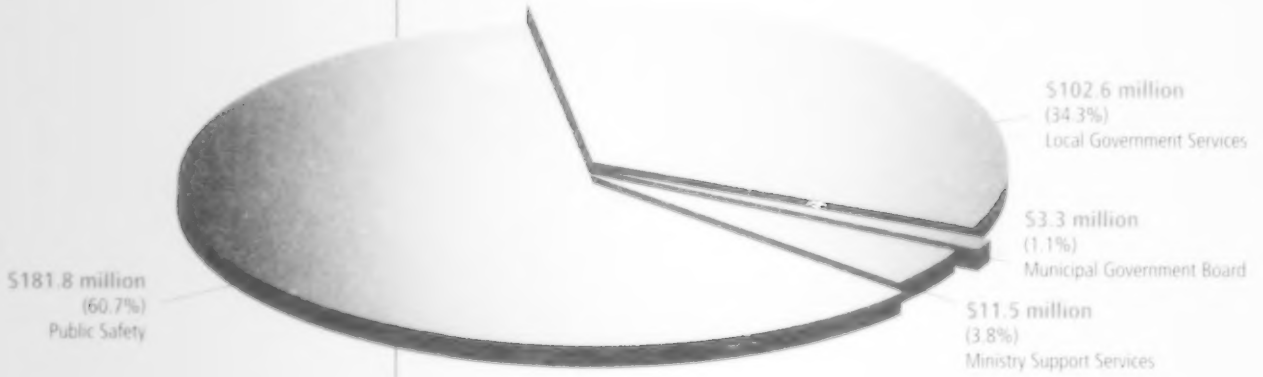
Alberta's aging workforce is becoming a concern for both the department and the province's municipalities. Municipal Affairs is assisting municipalities with this issue through the Municipal Internship Program, which places recent graduates into municipalities to give them a first-hand look at administering municipal programs. On the department side, Municipal Affairs is in the process of developing a Ministry-wide succession strategy and career management program. Also, staff are encouraged to take part in the Mentorship Program, which gives participants an opportunity to share organizational knowledge through a formal process.

Financial Highlights

Ministry of Municipal Affairs
For the year ended March 31, 2006
(thousands of dollars)

	2006		2005
	Budget	**Actual**	**Actual**
			(Restated)
Revenues	$ 26,762	$ 159,480	$ 46,424
Expenses	127,432	299,598	148,568
Net Operating Results	$ (100,670)	$ (140,118)	$ (102,144)
Capital Expenditures	**$ 1,191**	**$ 728**	**$ 1,013**

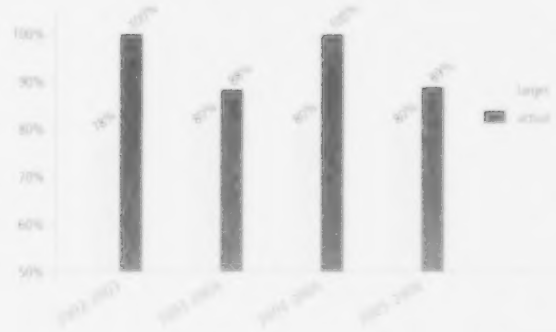
Voted Program Expenses



	2006	2005
	(thousands of dollars)	
Assets	**$ 157,683**	**$ 49,008**
Liabilities	**$ 129,977**	**$ 56,007**
Net Liabilities	**$ 27,706**	**$ (6,999)**

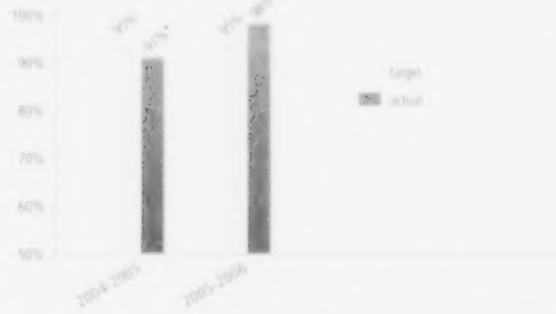
Performance Measures Highlights

Client satisfaction with Local Government Services

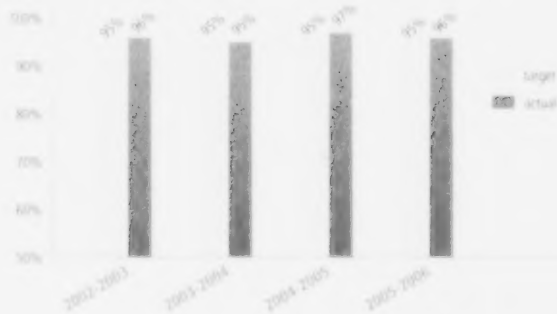


Financially accountable municipalities

Assessment rolls meet standards



Satisfactory administration of the *Safety Codes Act*



*Note: The 2004-05 actual has been restated due to a system control error that did not allow ratios to be recalculated after updated indicator of market value submissions were entered into the system. This error caused four municipalities who were originally compliant to no longer be compliant.

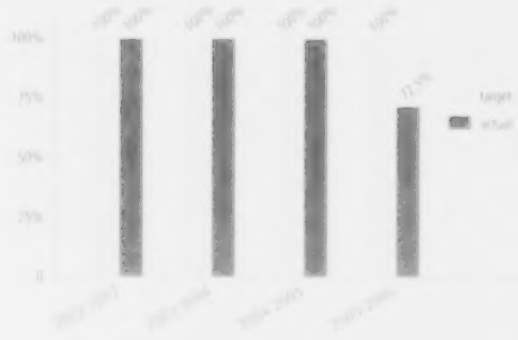
Continued on next page »

Performance Measures Highlights

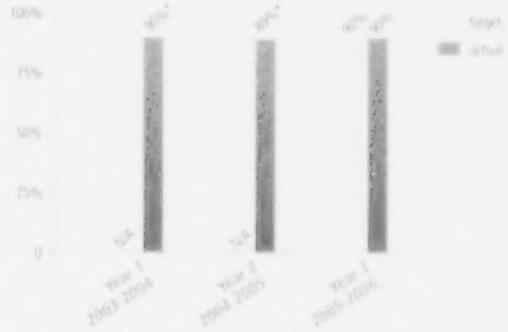
(continued...)

Ten-year moving average of fire death rate per 100,000 population

Disaster claims within 30 days

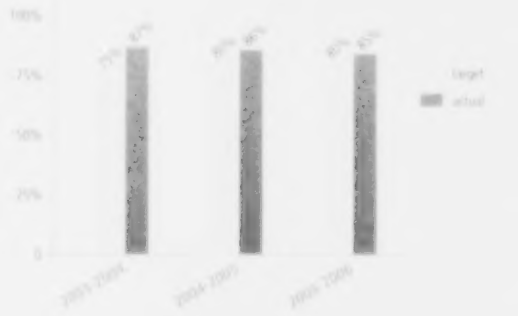


Emergency preparedness testing



*Note: Restatement of 2003-04 and 2004-05 performance measures to reflect the methodology change introduced in 2005-06.

Stakeholder satisfaction with Municipal Government Board



Source for graphs:

Alberta Municipal Affairs and Municipal Government Board

RESULTS ANALYSIS

Deputy Minister's Message

Municipal Affairs continued its work in 2005-06 to ensure Albertans live in safe, well-managed communities. In co-operation with our municipal partners and stakeholders, the Ministry supported a number of programs and initiatives towards these goals.

The public safety side of Municipal Affairs had a busy year, with rainstorms, pandemic preparedness, and a renewed focus on emergency management taking centre stage. Severe storms had an impact on much of the province in June 2005, with the government providing more than $162 million dollars for compensation for uninsurable damage in the province's largest-ever disaster recovery program. This and four other disaster recovery programs, totalling more than $8 million dollars, were administered by Emergency Management Alberta over the course of the year. In terms of pandemic preparedness, Municipal Affairs partnered with Alberta Health and Wellness on the Government of Alberta Pandemic Planning Team, which began work on a cross-government pandemic influenza planning process for the province. In addition, the Minister of Municipal Affairs chaired the Ministerial Steering Committee on Emergency Response, formed after the CN train derailment at Wabamun Lake. The committee will lead the implementation of enhancements to the province's emergency management system.

The Local Government Services division also had an eventful year, focusing on a major legislation review and supporting the province's municipalities. The division provided support to an MLA committee established to conduct an in-depth review of the *Local Authorities Election Act*. Recommendations made by the committee in areas such as voter identification lists and special ballots were accepted by the government, and will be implemented in time for municipal elections in 2007. In other support to municipalities, the Municipal Sponsorship Program provided grants totalling more than $14 million to municipalities for projects focused on improving and enhancing municipal governance, municipal services or service delivery and intermunicipal co-operation. As well, the Municipal Internship Program placed 10 interns in 10 municipalities, providing grants to help pay the interns' wages and expenses as they train and prepare to lead municipalities into the future.

These are just a few of the department's activities over the course of a very busy year. Our Ministry's success is a credit to our skilled management team and dedicated staff, who continue to demonstrate a solid commitment to achieving this department's goals and objectives. Together with this excellent team, I look forward to taking on the challenges of the coming year.

Dan Bader

Dan Bader, P.Eng.
Deputy Minister, Alberta Municipal Affairs

AUDITOR GENERAL
Alberta

Report of the Auditor General on the Results of Applying Specified Auditing Procedures to Performance Measures

To the Members of the Legislative Assembly

Management is responsible for the integrity and objectivity of the performance results included in the *Ministry of Municipal Affairs' 2005-06 Annual Report*. My responsibility is to carry out the following specified auditing procedures on performance measures in the annual report. I verified:

Completeness

1. Performance measures and targets matched those included in Budget 2005. Actual results are presented for all performance measures.

Reliability

2. Information in reports from external organizations, such as Statistics Canada, matched information that the Ministry used to calculate the actual results

3. Information in reports that originated in the Ministry matched information that the Ministry used to calculate the actual results. In addition, I tested the processes the Ministry used to compile the results.

Comparability and Understandability

4. Actual results are presented clearly and consistently with the stated methodology and are presented on the same basis as targets and prior years' information.

I found no exceptions when I performed these procedures.

As my examination was limited to these procedures, I do not express an opinion on whether the set of measures is relevant and sufficient to assess the performance of the Ministry in achieving its goals.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
July 7, 2006

Expense by Core Business

Ministry of Municipal Affairs
For the year ended March 31, 2006
(thousands of dollars)

	2006		2005
	Budget	**Actual**	**Actual**
			(Restated)
Local Government Services	$ 108,959	$ 106,861	$ 104,465
Safety Services & Fire Protection	7,651	7,633	7,638
Emergency Management Alberta	7,691	181,576	33,427
Municipal Government Board	3,131	3,476	3,038
	$ 127,432	**$ 299,546**	**$ 148,568**

The Ministry Support Services expenses and valuation adjustments, as reported on the Statement of Operations, have been allocated to each core business. Also the Public Safety Division support expenses are allocated between the Safety Services & Fire Protection and Emergency Management Alberta core businesses.

Expense by Function

Ministry of Municipal Affairs
For the year ended March 31, 2006
(thousands of dollars)

	2006		2005
	Budget	**Actual**	**Actual**
			(Restated)
Protection of Persons and Property	$ 14,059	$ 181,757	$ 38,141
Regional Planning and Development	81,745	86,845	80,473
General Government	31,628	30,944	29,954
	$ 127,432	**$ 299,546**	**$ 148,568**

Goals, Results and Measures by Core Business

Core Business 1 – Local Government Services

Goal 1: An effective, responsive, co-operative and well-managed local government sector

Results

- Supported an MLA committee conducting an enhanced review of the *Local Authorities Election Act*, which focused on local election procedures and issues including voter identification and lists; special ballots; campaign advertising; and terms of office. The committee incorporated recommendations from the Clark Inspection Report, which looked into alleged irregularities in the 2004 Calgary Ward 10 election.
- Helped implement a loan of $136 million to the Regional Municipality of Wood Buffalo for critical Fort McMurray infrastructure projects. This bridge financing will help Wood Buffalo to construct a wastewater plant in advance of the expected population growth generated by oil sands development.
- Provided $14.5 million through the Municipal Sponsorship Program to improve governance, administrative services, or service delivery practices, including a 25 per cent bonus for eligible projects involving intermunicipal co-operation. Funding was provided to 333 municipalities for a variety of projects types, including recreation; emergency and protective services; municipal buildings; economic development; computers; and other municipal priorities. This year, the program allowed municipalities to request grants of up to $40,000 to help them collect municipal infrastructure data required for the $3 billion Alberta Municipal Infrastructure Program. The department also completed 31 site visits to municipalities throughout Alberta to consult with chief administrative officers about projects funded under the Municipal Sponsorship Program and to gather feedback about the program.
- Provided an interest subsidy on loans provided by the Alberta Capital Finance Authority through the *ME first!* program for municipal projects that improve energy savings and reduce greenhouse gas emissions. In 2005-06 the program allocated $13.6 million in interest-free loans to 24 municipalities, representing 25 energy-efficiency projects. These interest-free loans will help municipalities achieve approximately $225,000 per year in energy cost savings. The department also conducted a review of the *ME first!* program to assess its strengths and weaknesses and to provide suggestions for improvement. Interviews were conducted with 234 municipal chief administrative officers, as well as industry representatives and program stakeholders.

- Continued working with municipalities through the Intermunicipal Dispute Resolution Program. In 2005-06, program staff assisted in working towards solution for 14 disputes involving 28 municipalities. In the Local Dispute Resolution Program, staff continued to work with five municipalities and began new discussions with two municipalities. Program staff released a public involvement toolkit and delivered two sessions of a one-day course that introduced the toolkit to municipal officials.
- Introduced and passed Bill 3, the *City of Lloydminster Act*. This act replaces the *Lloydminster Municipal Amalgamation Act* and enables the governments of Alberta and Saskatchewan to develop a new charter for the City of Lloydminster.
- Provided $2.4 million in grants to 14 partnerships through the Regional Partnerships Initiative. The partnerships, comprising 110 partner municipalities, will use the grants to explore shared-services and related partnership opportunities in their respective regions.
- Continued to support the Municipal Internship Program, which had 10 interns in 2005-06. The 12-month internship is an opportunity for recent graduates to learn about municipal government and see the mechanisms of municipal administration first hand.
- Presented the 2005 Minister's Awards for Municipal Excellence at the annual conventions of the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts & Counties. The awards are presented annually to Alberta municipalities for achievement in the categories of Innovation, Partnerships, Smaller Municipalities, and Outstanding Achievement.

2006 Premier's Award *of* Excellence

- Provided training to elected officials, administrators, municipal staff and board members in various locations around the province. Courses offered included Muniversity sessions, Subdivision and Development Appeal Board training, Negotiations, Ethics and Local Leadership, presented in Grande Prairie by former provincial Ethics Commissioner Bob Clark, and training on administrative matters such as agendas, minutes, and municipal policy. The department also held Municipal Excellence regional sessions and six Building a Case for Change workshops.
- Issued the 2005 Official Population List, which shows the official population figures of municipalities and Métis settlements as of September 1, 2005. This list shows that Alberta has grown by about 116,000 in the past year to a population of 3,182,178. A number of provincial government departments make use of the population list in their grant programs.
- Initiated an assessor internship pilot project with Saddle Hills County to attract and retain qualified property assessment professionals.
- Received financial and statistical information returns from all municipalities except one. The information has been entered into the Municipal Financial Information System and upon verification will be made available through the Ministry's website.

- Processed 139 grant applications and approved grants totalling $1.18 million under the West Nile Virus Targeted Mosquito Larval Control Program. The grants are distributed to Alberta municipalities on behalf of Alberta Health and Wellness and Alberta Environment.

Performance Measure

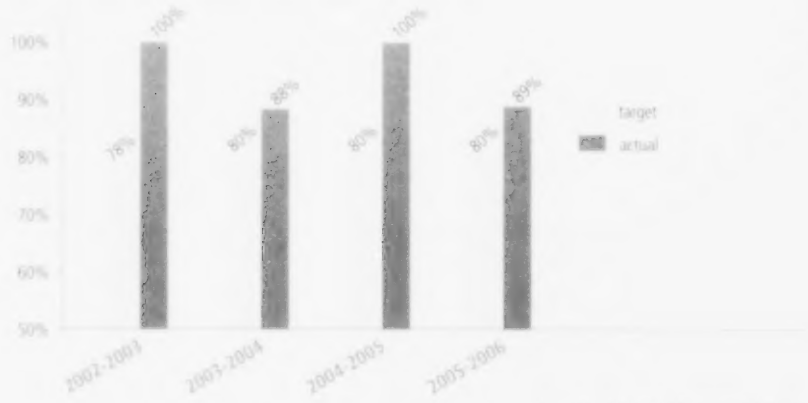
Measure: Level of satisfaction with the Local Government Services Division's (LGS) activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector. It calculates the percentage of the units within LGS that achieved their individual performance targets. Unit performance is determined through a satisfaction survey of stakeholders.

Description: Stakeholder satisfaction rates are a strong indicator of the effectiveness of Municipal Affairs' activities, services, programs and legislative framework, which are designed to enable, promote and support an effective, responsive, co-operative and well-managed local government sector. An annual client satisfaction survey measures stakeholders' satisfaction with the services they received from LGS.

Target: 80 per cent

Actual Results: The target was exceeded in 2005-06 with an actual result of 89 per cent.

Client satisfaction with Local Government Services



Source: Alberta Municipal Affairs

The target has been exceeded each year since the measure was established. The actual results indicate a high level of satisfaction with the services provided by LGS to promote, enable and support an effective, responsive, co-operative and well-managed local government sector.

Analysis

The measure is calculated based on the percentage of the units within Local Government Services (LGS) that achieved their performance targets, which accounts for the large variance in actual results. The target is set so that it is not met if more than one unit does not achieve their individual client satisfaction target.

In 2005-06, eight of nine LGS units met or exceeded their targets. The Legislative Projects Unit set a service target of 80 per cent for 2005-06 while actual results were 78 per cent (see table below). Levels of dissatisfaction with the services received from that unit did not increase in 2005-06, but a greater proportion of respondents (almost 10 per cent) reported that they were neither satisfied nor dissatisfied than in previous years. (9.3 per cent responded that they were neither satisfied nor dissatisfied in 2004 compared to 19.1 per cent in 2005.)

The instrument has been modified somewhat since it was developed in 2000 to reflect business changes within LGS, but these changes do not affect the meaning of the survey, meaning the results are still comparable to those of previous years.

Units within Local Government Services that achieved their performance targets

Local Government Services Unit	Target by Unit	Result Attained	Met Target (Yes/No)
Planning and Coordination Unit	80 per cent overall satisfaction	90 per cent	Yes
Legislative Projects Unit	80 per cent overall satisfaction	78 per cent	No
Municipal Advisory Services Unit	80 per cent overall satisfaction	93 per cent	Yes
Grants and Administration Unit	81 per cent overall satisfaction	91 per cent	Yes
Municipal Organizational Development Unit	75 per cent overall satisfaction	88 per cent	Yes
Linear Property Assessment Unit	65 per cent overall satisfaction	74 per cent	Yes
Education Tax and Equalized Assessment Unit	74 per cent overall satisfaction	81 per cent	Yes
Assessment and Property Tax Policy Unit	70 per cent overall satisfaction	83 per cent	Yes
Assessment Audit Unit	65 per cent overall satisfaction	81 per cent	Yes
Percentage of Units Meeting Their Targets	**80 per cent of the units meet their targets**	**89 per cent**	**Yes**

Source: Alberta Municipal Affairs

Goal 2: Financially sustainable and accountable municipalities

Results

Administered several grant programs for municipalities. The department provided municipalities with:

- $30.9 million through the Grants in Place of Taxes Program;
- $27.3 million in unconditional grants that included a targeted assistance payment of $10 million to 123 municipalities, helping them address financial challenges, and $2.4 million under the Regional Partnerships Initiative to 14 partnerships, to explore shared-services and related partnership opportunities in their respective regions;
- $14.5 million through the Municipal Sponsorship Program to improve governance, administrative services, or service delivery practices, including a 25 per cent bonus for eligible projects involving intermunicipal co-operation. Funding was provided to 333 municipalities for a variety of project types including recreation; emergency and protective services; municipal buildings; economic development; computers; and other municipal priorities;
- $3.5 million through the Municipal Debenture Interest Rebate Program, which subsidizes the interest paid by municipalities on certain high-interest debenture borrowings from the Alberta Capital Finance Authority; and
- $6.1 million to 90 local authorities to help them address various municipal matters including:
  - $1.6 million to the Town of Banff for its downtown infrastructure rehabilitation;
  - $1.2 million to subsidize loan interest for 51 municipalities that have borrowed funds under the *ME first!* program since the program was introduced in 2003 for projects that improve energy savings and reduce greenhouse gas emissions;
  - $876,750 to the Municipality of Jasper for pedestrian trail, visitor and RV parking developments, business district utility and street upgrades, and traffic control and intersection modifications;
  - $510,000 to 15 municipalities to provide on-the-job training in local government to municipal interns and $33,000 to one municipality for the assessor internship pilot project;
  - $500,000 jointly to the Alberta Urban Municipalities Association and the Alberta Association of Municipal Districts & Counties to support the development of an education/training program for elected officials;
  - $350,338 to various other municipal entities to undertake projects relating to municipal matters such as municipal operation and organization;
  - $208,000 to the Townsite of Redwood Meadows as an equivalent grant to the municipal per capita allocations under the Alberta Municipal Infrastructure Program to support planned upgrades to core infrastructure, as well as $14,500 for energy audit and town hall upgrades;

- $173,000 to the University of Alberta to support expansion of online post-secondary education for current and future municipal officials and administrators;
- $160,500 to the Regional Municipality of Wood Buffalo to help upgrade the Archie Simpson Arena;
- $150,000 to the Alberta Association of Municipal Districts & Counties to develop and implement a labour force strategy for rural municipalities in Alberta; $50,000 to support the development of an event framework and implementation strategy to guide the delivery of a National Symposium on Rural Municipal Issues; $15,000 to help in the implementation of the Peer Network for Municipal Dispute Resolution; and $17,590 to support convention expenses;
- $100,000 to the City of Spruce Grove for the Spruce Grove-Edmonton transit pilot project;
- $80,675 to the Alberta Urban Municipalities Association to help defray the costs to pilot two regional cost-sharing forums and to support convention expenses; and
- $64,053 in mediation grants to 11 municipalities for dispute resolution.

Performance Measure

Measure: Percentage of municipalities meeting Ministry's criteria of financial accountability as established in the *Municipal Government Act* (MGA).

Description: The source for the measure is the MGA. The MGA does not contain a definition of "financial sustainability and accountability." However, there are legislated limits and indicators that, if consistently exceeded, would indicate major financial management stress, if not failure. These include:

- **Section 244:** sets a criterion that if the sum of the three previous years' revenues, transfers and expenditures place the municipality in a deficit position, that has to be rectified in the fourth year's operating budget;
- **Section 252:** prohibits borrowing unless it is within the debt limit or is approved by the Minister. The Debt Limit Regulation sets limits on municipal debt in two ways (debt and debt service);
- **Section 278:** obligates the municipality to submit an audited prescribed financial information return and audited financial statements by the legislated date; and,
- **Section 282:** authorizes the Minister to appoint an auditor to review the financial affairs of the municipality under certain circumstances.

Exceeding any one of the limits does not necessarily imply a lack of sustainability. However, a pattern of exceeding the limits regularly or not addressing the associated problems proactively is a good indicator of financial or other viability issues.

Target: 97 per cent

Actual Results: The target was exceeded in 2005-06 with an actual result of 98 per cent.

Financially accountable municipalities

The result for each of the years as calculated provides thresholds of tolerance against which to examine future years' results.

Analysis

The target has been exceeded each year since the measure was established. Actual results decreased one per cent in 2005-06 over 2004-05, but still indicate a high level of achievement towards the goal of financially sustainable and accountable municipalities.

The actual results indicate that there are a minimal number of municipalities with serious accountability problems. Municipal Affairs continues to review municipal financial information and provide assistance and financial advice as required and requested.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Results

- Prepared assessments for more than 418,500 linear properties for the 2006 tax year, representing an increase of approximately six per cent in the number of linear property accounts in the province (up from 395,400 in 2005). Alberta's growing economic and industrial activity is reflected in the increased number of linear properties that are assessed annually by the Ministry. The assessed value of these properties increased by 15.5 per cent for the 2006 tax year, from approximately $38.5 billion in 2005 to almost $44.5 billion in 2006. This growth has generated more financial resources for municipal and education funding. The total estimated property tax revenue from linear property in the province exceeds $667 million.
- Carried out reviews of the data reported into the Assessment Shared Services Environment (ASSET) in 2005 as part of the department's process of preparing the 2006 equalized assessments. During the review, the department ensured that municipalities addressed any discrepancies between their data in the ASSET system and the information in their tax bylaws. This was the first year Municipal Affairs used current school-declaration data from the ASSET system in calculating municipalities' education tax requisitions.
- Used the ASSET system for the second consecutive year to conduct annual audit tests on the assessments prepared by municipalities. These tests determine whether a municipality's reported information meets the standards for assessment quality as set out under provincial regulations.
- Worked with municipalities and their assessors to help them meet earlier timelines for annually reporting assessments through the ASSET system. The timelines were moved ahead to help achieve the department's objective of preparing each municipality's equalized assessment on the basis of its current year's assessment. The department is monitoring the progress being made in order to determine the most appropriate time to make this change.
- Completed detailed assessment audits as scheduled during the fiscal year for 67 municipalities. The department conducts a comprehensive review of each municipality's assessment procedures on a five-year cycle, and 2005-06 marked the completion of the first five-year cycle for this detailed audit program. The department is identifying opportunities to improve the program for the next five-year cycle.
- Completed the annual program to review the valuation of provincially owned properties within targeted timelines. A total of 283 properties in 42 municipalities were inspected by the target date.

- Created a four-year competency schedule to help guide the development of junior assessors who are seeking to become accredited by a recognized professional association. The competency schedule is being evaluated through a pilot study established in a rural northern community in response to municipal concerns about difficulties involved in attracting and retaining qualified property assessors. Under this initiative, the municipality is assisting in developing an assessor trainee over a four-year period. The department has been working with the Alberta Assessors' Association and other organizations on ways to potentially develop and enhance the program.
- Continued to respond to appeals of linear property assessments. Ministry staff members worked with legal counsel to present evidence and testimony before the Municipal Government Board and at provincial courts in support of the linear assessments under appeal.
- Convened a working group of municipal, industry and assessment representatives to review the process used to update the assessment year modifiers. Assessment year modifiers are applied annually to adjust the assessments of regulated industrial properties for inflationary factors. The working group provided input into the development of the modifiers for the 2005 assessment year and made suggestions for future years.
- Completed work with stakeholder groups to review rates and depreciation factors for the assessment and taxation of regulated industrial properties including pipelines; oil and gas wells; electric power systems; telecommunications systems; light oilfield machinery and equipment; and railway property. Municipal and industry stakeholders will have an opportunity to provide feedback on the review's results.
- Held six stakeholder working group consultation meetings to seek input regarding updates of the models, rates, and depreciation standards used for the assessment and taxation of property held by telecommunications carriers and cable distribution undertakings.

Performance Measure

Measure: Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity.

Description: This performance measure is a statistical indicator of the overall level of compliance with the quality standards in the Matters Relating to Assessment and Taxation Regulation of the *Municipal Government Act*.

Part of Municipal Affairs' role in the assessment and property tax system in Alberta is to communicate assessment standards, and monitor the property assessments carried out by municipalities to ensure that a municipality's assessment meets regulated quality standards and is a fair basis for inter-municipal cost-shared programs, such as education. Further, the department monitors municipal assessment quality to ensure that assessments are distributed fairly within municipalities. Although not a direct measure of stakeholder confidence,

measuring compliance trends over time will demonstrate the department's effectiveness in improving the system. This is important in an environment where the preparation of assessments has been decentralized and is now performed by municipal contractors and municipal employees. It supports the government's goal to build on the Alberta Advantage because an efficient, stable and uniform assessment base within and between municipalities promotes a climate conducive to investment, wealth generation and job creation.

The annual audit is the method used to monitor assessment quality following the Matters Relating to Assessment and Taxation Regulation. The objective of the annual audit is to verify whether municipal assessments meet regulated quality standards.

Target: 95 per cent

Actual Results: The target was met in 2005-06 with an actual result of 98 per cent.

Assessment rolls meet standards

Source: Alberta Municipal Affairs

***Note:** The 2004-05 actual has been restated due to a system control error that did not allow ratios to be recalculated after updated indicators of market value submissions were entered into the system. This error caused four municipalities who were originally compliant to no longer be compliant.

Analysis

The result is comprised of two property categories: residential and non-residential. Both property categories met the target. In the residential property category, 14 out of 354 municipalities (3.95 per cent) had assessment levels outside of 0.95 and 1.05, the acceptable range for median assessment ratios. In the non-residential property type category, only two out of 318 municipalities (0.63 per cent) had assessment levels that were outside of the acceptable range. Overall, the results show that a vast majority of municipalities are achieving compliance with the *Municipal Government Act* and the quality standards in the Matters Relating to Assessment and Taxation Regulation.

Although the measure has existed in the Business Plan since 2001, there were three changes to the assessment process in 2004-05 that affected how the measure was calculated. The 2004-05 target was established prior to the changes in business and methodology and therefore is not directly comparable with 2004-05 actual results. Previous years' actual results are similarly not comparable to results achieved since 2004-05 and therefore are not included.

The seven per cent increase from 2004-05 to 2004-06 may be due to the following: in the fall of 2004, the acceptable range for the median assessment ratio was tightened after many municipal assessors had already developed their assessment models for that year. Therefore, many were unable to change their assessment rolls to meet the new standard. For the 2005-06 year, municipalities were aware of the tightened range when they developed their assessment rolls; therefore, most (98 per cent) met the standard.

Financial Information for Core Business 1

Local Government Services

Fiscal 2006 Actual Compared to Fiscal 2006 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 109 of the annual report), Local Government Services (LGS) can be shown as follows:

	2005-06 Estimates	Authorized Supplementary	2005-06 Authorized Budget	2005-06 Actual Expenses	Unexpended (Over Expended)
Local Government Services					
Division Support					
-Operating Expense	$ 5,346	$ —	$ 5,346	$ 4,071	$ 1,275
Municipal Services	8,488	—	8,488	7,824	664
Assessment Services	7,283	—	7,283	8,420	(1,137)
Unconditional Municipal Grant					
-Operating Expense	7,655	7,100	14,755	15,264	(509)
-Operating Expense Funded by Lotteries	12,000	—	12,000	12,000	—
Municipal Debenture Interest Rebate Program	3,599	—	3,599	3,511	88
Grants in Place of Taxes	31,628	—	31,628	30,944	684
Financial Support to Local Authorities	9,656	—	9,656	6,133	3,523
Municipal Sponsorship					
-Operating Expense	1,500	—	1,500	2,459	(959)
-Operating Expense Funded by Lotteries	12,000	—	12,000	12,000	—
	$ 99,155	**$ 7,100**	**$ 106,255**	**$ 102,626**	**$ 3,629**

Operating Expenses

LGS incurred expenses of $102.626 million and came in under the $106.255 million authorized budget by $3.629 million, or 3.42 per cent. The unexpended amount was as a result of less activity than anticipated in three areas: restructuring, policy research and program reviews; a reduced amortization requirement, and a lower than anticipated usage of *ME first!* program funding. These savings were somewhat offset by an over expenditure in Assessment Services due to increased legal costs for linear property appeals and equalized assessment appeals.

The Expense by Core Business report (page 28 of the annual report) includes the indirect allocation of the ministry support services expenses and the valuation adjustments.

Capital Expenditures

	2005-06 Estimates	Authorized Supplementary	2005-06 Authorized Budget	2005-06 Actual Expenses	Unexpended (Over Expended)
Local Government Services					
Capital Investment	$ 1,085	$ —	$ 1,085	$ 432	$ 653

Local Government Services (LGS) incurred capital expenditures of $0.432 million and came in under the $1.085 million budget by $0.653 million, or 60.2 per cent. Projects with ongoing development work in fiscal 2005-06 were the Alberta Linear Property Assessment System (ALPAS), the Assessment Shared Services Environment (ASSET), and the Municipal Excellence Program. A portion of the unexpended funding was realigned to other areas within the Ministry.

Fiscal 2006 Actual Compared to Fiscal 2005 Actual (thousands of dollars):

	2005-06	2004-05	Increase
Local Government Services	$ 102,626	$ 96,576	$ 6,050

As reported on the Statement of Operations (page 73 of the annual report), LGS incurred $102.626 million in fiscal 2005-06 operating expenses compared to $96.576 million in fiscal 2004-2005. The result was an increase of $6.050 million, or 6.26 per cent. The net increase was primarily due to the payment of Targeted Assistance grants.

Core Business 2 – Safety Services and Fire Protection

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Results

- Supported the Fire Services Advisory Committee (FSAC) in conducting stakeholder working sessions on developing a proposed unifying framework for the Alberta fire service.
- Launched the Alberta Risk Protocol project to create a community-based, all-hazards risk assessment software protocol that supports the work of FSAC.
- Supported the MLA Committee on Secondary Suites with developing and releasing its report outlining recommendations for proposed health and safety standards for secondary suites. The department also launched an online public consultation to give Albertans a final opportunity to provide feedback on the proposed standards.
- Formed the cross-government Alberta Fire & Injury Prevention Educator's Network to promote enhanced instruction in the area of fire and injury prevention.
- Worked with the National Research Council of Canada to finalize new, objective-based editions of the Alberta Building Code and Alberta Fire Code. Further, the department worked with the Safety Codes Council to develop and pilot transition training that will assist code users in moving from using prescriptive codes to the new objective-based codes.
- Formed the Significant Incident Investigations Team, which can help municipalities investigate major emergency incidents involving any of the disciplines under the *Safety Codes Act*.
- Launched an online discussion forum that allows code users and the public to submit questions directly to Safety Services technical advisors using an "Ask an Expert" feature on the Safety Services web page.
- Provided $500,000 in grants to 26 regional providers under the 2005-06 Fire Services Training Initiative, allowing them to conduct certified training courses for firefighters from surrounding departments. More than 2,000 firefighters took part in more than 200 courses covering topics from dangerous goods operation to the Incident Command System with funding provided in 2004-05 under the initiative.
- Supported the official establishment of the Métis Fire Chiefs Association. The new association is committed to reducing the risk of fire and injury in Métis communities through the promotion of prevention activities and education.
- Maintained and updated the Alberta Emergency Resources Inventory System (AERIS), which allows tracking and promotes sharing of critical municipal fire department resources. Part of the updates involved launching a Current State Survey to assess the capacity and structure of the municipal fire agencies that make up the Alberta fire service.

The data gathered from the survey will help keep AERIS up-to-date and assist in developing future initiatives.

- Developed an agreement between the Alberta and British Columbia fire commissioner's offices that promotes greater operational co-operation and increased sharing of emergency resource information.
- Operated a Communications Inquiry Centre (CIC), which provides improved access to technical advice for stakeholders in Alberta's safety system. The department also established a baseline level of public satisfaction with the service provided by the CIC by conducting four client surveys in 2005-06. These surveys will be conducted annually to identify any potential improvements that can increase customer satisfaction.
- Promoted public fire safety campaigns such as Summer Fire Safety, Fire Prevention Week, Holiday Fire Safety, and Burn Awareness Week. Each campaign provided an information kit outlining related fire statistics, hazards and their corresponding prevention and safety tips.
- Made a variety of fire and injury prevention presentations to school children, teachers, elders, community councils, and firefighters in Aboriginal communities in Gift Lake, Fishing Lake, Kikino, Peavine, Whitefish Lake, Hobbema, Chard/Janvier and Jasper.
- Finalized a new Canadian version of the Risk Watch injury prevention program. The Alberta Fire Commissioner's Office and the Ontario Fire Marshal's Office provided the funding to customize the comprehensive school-based program for use by both English- and French-speaking Canadian students.
- Facilitated initial strategic planning sessions for the Barrier-Free Council of the Safety Codes Council. The new council has been established to address issues of barrier-free safety across all building disciplines covered under the *Safety Codes Act*. A new Barrier-Free Policy Administrator position was created to serve as an administrator and advisor to the council. The administrator will also advise the Minister and senior officials on policy matters affecting persons with disabilities in relation to buildings and other facilities. The department also established an online application process for those wishing to obtain a relaxation from barrier-free access requirements. The new system allows for automated application completion, document attachment, and payment.
- Awarded Alberta Emergency Services Medals to 1,177 emergency services personnel during 2005 to recognize their vital role in protecting Alberta's communities.
- Presented, with the Safety Codes Council, the Municipal Safety Recognition Award to recognize 10 years of accreditation for the City of Red Deer and the Town of Rocky Mountain House, as well as five years of accreditation for the City of Brooks, the Town of Valleyview, and the Summer Villages of Val Quentin, White Sands and Sundance. These awards acknowledge the important role played by municipalities that are accredited to provide safety services under the *Safety Codes Act*.

- Took a lead role in resolving issues surrounding how the Occupational Health and Safety Code applies to fire service emergency operations. The Fire Commissioner's Office explained the impact of the code to Alberta fire departments and produced a new Code of Practice to help them properly apply the code requirements to their operations.
- Conducted a Professional Involvement investigation to assess the degree to which professional architects and engineers are involved in the design and review of buildings constructed under the Alberta Building Code.
- Promoted North American Building Safety Week to raise public awareness about building safety and the importance of safety codes and standards. The information circulated to Albertans encouraged them to consult with safety codes officers when beginning construction or undertaking other potentially hazardous activities.
- Hosted a Standardization Information Forum for safety system stakeholders to promote an enhanced understanding of both the national standards system and upcoming changes within the system.
- Initiated a province-wide survey of off-site manufactured units, such as manufactured homes and relocatable industrial structures, to promote appropriate regulation in this area.
- Published a special Centennial issue of *Alberta Fire News* that captures and documents the growth and development of the Alberta Fire Service and the Fire Commissioner's Office over the last 100 years.
- Held three workshops on the "Getting To Know Fire" curriculum developed by the British Columbia Fire Commissioner's Office with the goal of introducing it to Alberta's fire service. The curriculum is designed to educate firefighters with no previous teaching experience on how to give effective fire safety presentations.
- Monitored the Safety Codes Council's administration of outstanding grants to owners of sites remaining in the Underground Petroleum Storage Tank Site Remediation Program. During 2005-06, 104 sites in the program were cleaned up and significant progress was made on others, leaving 100 clean-ups still underway.

Performance Measure

Measure: The percentage of assessed accredited municipal entities, corporations, agencies, and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating.

This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations are effectively administering safety programs.

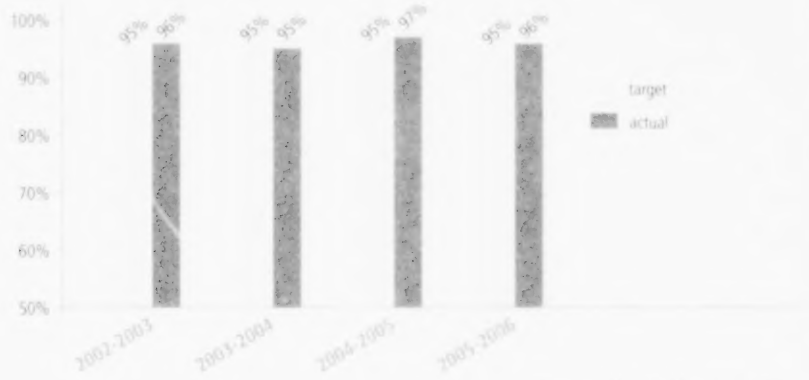
Description: This measure monitors performance and promotes continuous improvement in the effectiveness and uniformity of permitting and inspection services delivered under the act. The Safety Codes Council is responsible under the act for accrediting organizations and formulating codes and standards for accreditation including establishing their Quality Management Plans (QMP). Municipal Affairs monitors the performance of these entities against their QMPs.

Target: 95 per cent

Actual Results: 96 per cent of assessed accredited municipal entities, corporations, agencies and delegated administrative organizations administering the act achieved a satisfactory rating. This result achieves the target of 95 per cent. This measure has been in use since the 1998-99 fiscal year.

This measure has been in use since 1998-1999.

Satisfactory administration of the *Safety Codes Act*



Source: Alberta Municipal Affairs

Analysis

The Safety Services Branch exceeded its target of 95 per cent for 2005-06 with a result of 96 per cent. This is a one per cent decrease over last year's rating, attributed to three accredited corporations. The department will work with these corporations to enhance their performance and review them again next year.

Municipal Entities – 97 per cent of the 101 accredited municipal entities reviewed achieved a satisfactory performance rating, a one per cent decrease from the previous year. Of the four that scored less than satisfactory in 2004-05, three have subsequently scored satisfactory ratings demonstrating continuous improvement. The fourth failed their review and has subsequently cancelled its accreditation. Municipal entities requesting accreditation have increased this year, showing strong support for the program.

Corporations – 91 per cent of the 35 accredited corporations reviewed this year achieved a satisfactory performance rating. This is a six per cent decrease over last year's rating and was a result of three corporations scoring below the satisfactory rating. One of the three accredited corporations has withdrawn from the program, and the department will work with the other two accredited corporations to enhance their performance and reassess them next year.

Agencies – A satisfactory rating was achieved by 100 per cent of the 11 accredited agencies under contract with the department, with an average score of 97 per cent.

Delegated Administrative Organizations (DAOs) – The three DAOs (the Petroleum Tank Management Association of Alberta, the Alberta Elevating Devices and Amusement Rides Safety Association, and the Alberta Boilers Safety Association) were assessed and all achieved satisfactory ratings. No significant change in scores was observed this year compared to last year.

Performance Measure

Measure: Fire deaths per 100,000 population (10-year moving average).

Description: Fatalities occur in fires due to exposure to the products of combustion – smoke, flames and heat. Reducing fire injuries and deaths is important in maintaining Alberta as a safe place to live and raise families.

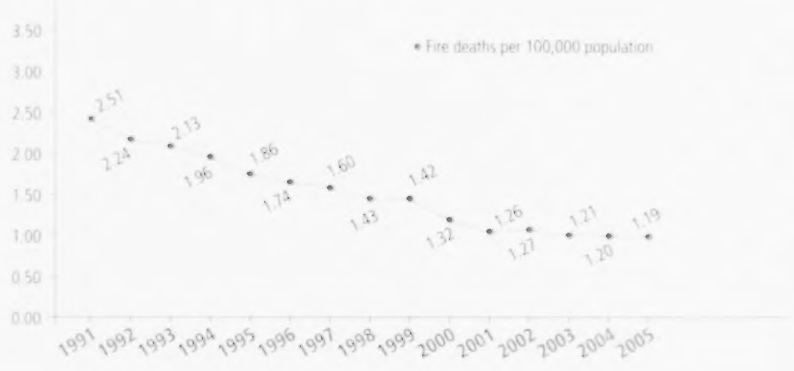
Protecting people from fire involves three approaches: prevention of fires; early detection and warning of fire and smoke with smoke/fire alarms; and proper emergency responses during fire emergencies.

The effectiveness of all three approaches is reflected in the number of fires that occur and the resulting consequences in the form of injuries, deaths and property damage. This measurement is an effective indicator of the outcome of fire.

The Alberta government supports a variety of activities to achieve reductions in the number of fire deaths in the province. The fire deaths per 100,000 population measure is therefore a good overall fire safety and prevention indicator.

Target: Less than or equal to the 2004-05 actual of 1.20 fire deaths per 100,000 population (10-year moving average).

Ten-year moving average of fire death rate per 100,000 population



Analysis

The target was achieved, in that the 2005-06 fire death rate (10-year moving average) of 1.19 is less than the previous year's fire death rate (10-year moving average) of 1.20. There is random variation in the total number of fire deaths in Alberta. The ten-year moving average evens out these variations and provides an overall trend in Alberta fire deaths, which appears to be decreasing. The line chart on the previous page illustrates the reduction in the 10-year moving average death rate over the last 15 years.

The fire protection activities undertaken by Alberta Municipal Affairs fall under the Public Safety Division, which is responsible for three separate areas: the Fire Commissioner's Office (FCO); Fire Technical Services (Fire Codes and Standards); and Regional Services-Fire Safety Officers & Investigators.

The FCO conducted a wide range of activities in relation to the measure. The statistic is an indicator that programs and initiatives of the FCO are having a positive effect over the long term. Data is analyzed for changes in causes and trends that may require a shift in the focus of targeted public education programs.

Financial Information for Core Business 2

Safety Services and Fire Protection

Fiscal 2006 Actual Compared to Fiscal 2006 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 109 of the annual report), Safety Services and Fire Protection can be shown as follows:

	2005-06 Estimates	Authorized Supplementary	2005-06 Authorized Budget	2005-06 Actual Expenses	Unexpended (Over Expended)
Safety Services and Fire Protection					
Program Management	$ 307	$ —	$ 307	$ 353	$ (46)
Technical Services	1,844	—	1,844	1,714	130
Regional Services	3,384	—	3,384	3,453	(69)
Fire Commissioner's Office	1,236	22	1,258	1,591	(333)
Underground Petroleum Storage Tanks	—	—	—	3	(3)
Assistance for municipal emergency response training (fire services training)	500	—	500	500	—
	$ 7,271	**$ 22**	**$ 7,293**	**$ 7,614**	**$ (321)**

Operating Expenses

Safety Services and Fire Protection incurred expenses of $7.614 million and came in over the authorized budget of $7.293 million by $0.321 million, or 4.40 per cent. This was mainly due to unbudgeted expenditures related to the Fire Services Advisory Committee and one-time expenditures to purchase educational materials.

The Expense by Core Business report (page 28 of the annual report) includes the indirect allocation of the ministry support services expenses, the Public Safety Division support expenses and the valuation adjustments.

Capital Expenditures

	2005-06 Estimates	Authorized Supplementary	2005-06 Authorized Budget	2005-06 Actual Expenses	Unexpended (Over Expended)
Capital Investment	$ —	$ —	$ —	$ 59	$ (59)

The capital over-expenditure of $0.059 million is related to enhancements to the Alberta Emergency Resource Inventory System and the development of the Fire Services Advisory Committee web page.

Fiscal 2006 Actual Compared to Fiscal 2005 Actual (thousands of dollars):

	2005-06	2004-05	Decrease
Safety Services and Fire Protection	$ 7,614	$ 7,344	$ 270

Safety Services and Fire Protection incurred $7.614 million in 2005-06 operating expenses compared to $7.344 million in 2004-05, an increase of $0.270 million. This was mainly due to retroactive pay for the reclassification of a number of positions as a result of a classification review process. It was also the result recruiting an additional wage employee to assist in the Contact Inquiry Centre, vacation payouts for employees who retired, and salary settlement increases.

On the Statement of Operations (page 73 of the annual report), the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and Fire Protection and Emergency Management Alberta core businesses.

Core Business 3 – Emergency Management Alberta (EMA)

Goal 5: An emergency management program that enables effective preparation for, response to, and recovery from major emergencies and disasters

Results

- Activated the Emergency Management Alberta Operations Centre twice in June 2005 to co-ordinate provincial support to the municipal response to flooding in south and west central Alberta. Post-flooding, EMA conducted a lessons-learned process to examine how the emergency management process functioned between municipalities, EMA and Alberta Environment during activations, and to determine whether any processes can be improved. Results of the analysis will be shared with the 39 municipalities that participated, as well as the province's Flood Risk Mitigation Committee and Alberta Environment.
- Administered Alberta's largest-ever disaster recovery program, which provided $162.7 million to assist affected groups with damages resulting from floods that occurred in June 2005. More than 9,000 individual and small business applicants, 61 municipalities, seven First Nation communities in southern Alberta, and six Government of Alberta departments benefited from the program, which helps compensate for uninsurable damages to essential items due to severe weather.
- Contributed to the work of the Flood Risk Mitigation Committee, which is responsible for developing strategies to minimize future flood damage in the province. The committee is a co-operative effort by Alberta Infrastructure and Transportation, Alberta Environment and Municipal Affairs.
- Implemented an additional four disaster recovery programs that provided nearly $8 million to assist with eligible costs that resulted from overland flooding and ground water seepage due to heavy rainfall.
- Participated in the Environmental Protection Commission, which made recommendations on Alberta's ability to respond to environmental incidents, as a result of the August 3, 2005, CN trail derailment at Wabamun Lake. Municipal Affairs chairs the Ministerial Steering Committee, which will implement changes to Alberta's emergency management system based on the Environmental Protection Commission report. The steering committee also includes Alberta Environment, Infrastructure and Transportation, and Solicitor General and Public Security.
- Initiated the two-year, $12 million Emergency Management Operating System project with the goal of integrating technologies and information management and sharing among all Alberta emergency management

partners, including municipalities, industry, non-governmental organizations and the Government of Canada.

- Worked jointly with Alberta Health and Wellness to establish the Government of Alberta Pandemic Planning Team. EMA also supported the Deputy Minister Pandemic Influenza Committee as it conducted an initial examination of the pandemic hazard to determine possible emergency management tasks.
- Provided grants totalling $175,000 to support the regional delivery of emergency management training in 45 municipalities. The training provided to local personnel will help them maintain their ability to respond effectively to disasters and major emergencies.
- Provided grants totalling $150,000 to help 20 municipalities conduct ground search and rescue training to prepare volunteers to respond to the critical search and rescue incidents that occur in Alberta.
- Began directly delivering emergency management training to municipalities. The services provided by Emergency Management Alberta trainers include both courses and collective exercises.
- Participated with Industry Canada on a nation-wide project to establish a National Emergency Public Warning System.
- Conducted and co-ordinated three cross-government business continuity exercises that help departments prepare to continue their services in the event of a business disruption.

Performance Measure

Measure: Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received.

Description: The legislation provides for Disaster Recovery Programs (DRP) to help Albertans recover from uninsurable losses resulting from disasters. The objective is to compensate them as quickly as possible. When a widespread disaster occurs, the branch starts with an initial evaluation. It advises the Minister on the potential for a DRP, its recommended geographical boundaries, and the proposed exclusions and limitations to compensation. Private sector program administrators are alerted to the possibility of a program requiring their services. This measure does not include the agriculture component, which is measured by another department. In addition, the 30-day criterion does not include infrastructure damage assistance requests from municipal and provincial departments.

Once the Minister approves the program, citizens in the affected area are notified of the program, guidelines, and venues where application and information packages will be made available. The program administrator receives applications and assigns priority to those in greatest need. In many cases,

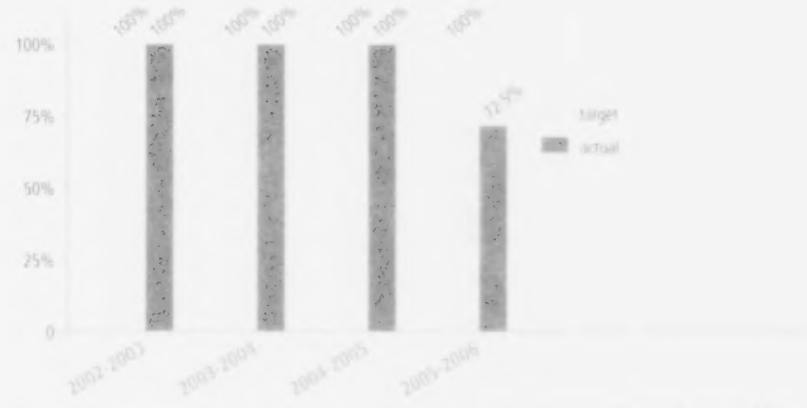
the evaluator will be on the scene the next day. The target is to have an evaluator on the scene within 30 days of receipt of any application.

By measuring the percentage of applications where a damage evaluator arrives on site within 30 days of receipt of the application form, the branch can gauge success in achieving this objective.

Target: 100 per cent

Actual Results:

Disaster claims within 30 days



Note: Where there is an issue of eligibility and additional investigation and supporting documentation are required, the date the applicant is contacted and additional documentation is requested is the date used. Where the visit by the evaluator is delayed at the request of the applicant, the date the evaluator contacts the applicant is used for tracking purposes.

Analysis

The 100 per cent performance measure target was achieved for five of six disaster recovery programs during the fiscal program year. The 2005 Southern Alberta Disaster Recovery Program achieved a 71.5 per cent performance measure, and due to the number of associated applications, the total average for the 2005-2006 fiscal period was 72.5 per cent.
The number of disaster recovery programs approved, the number of applications received and the extent of damage is largely influenced by the weather and flooding conditions experienced in Alberta during the fiscal program year. There is a natural variability in the extreme weather and degree of flooding from year to year that cannot be projected. It is expensive and unreasonable to maintain a peak capability to respond within 30 days to the number of applications that would be received in an extreme year that, on average, will occur only once every 100 years. The 2005-06 year was an extreme year, with 11,636 applications being received, which is more than five times the previous four-year average of 2,291. The evaluation team responded to this extraordinary demand and arrived on site within 30 days for 8,441 of the applications, which is nearly

four times the previous four-year average. Even in this extraordinary year, 94.1 per cent of applications were visited within 60 days and all within 90 days.

Alberta continues to offer the most responsive and comprehensive disaster recovery program in Canada and although the performance measure target was not achieved, the speed with which Municipal Affairs was able to respond considering the extraordinary number and severity of events and the amount of damage covered by these programs, demonstrates the preparedness of the system and the efforts of program staff in achieving these results.

The Minister approved six disaster recovery programs (DRPs) in 2005-06:

2004 Lesser Slave River DRP

This program was approved in April 2005 for a severe rainstorm of September 2004 in the Municipal District of Lesser Slave River. A total of seven residential and one small business applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

2005 Southern Alberta DRP

This program is the largest program in the history of Alberta DRPs, with more than twice as many applications; on average twice the damage per applicant (on average); approximately quadruple the total damage; and covering more geographic area (approximately one-third of the province) than any previous program. The program is the result of three extreme storm systems that severely impacted the southern and central portions of the province during the month of June 2005 resulting in overland flooding and groundwater seepage. The projected costs of the program exceed $162 million and resulted in 11,213 residential and small business applications from 61 municipalities and seven First Nations communities.

Within the 30-day performance measure period, 71.5 per cent of applicants were visited. Although not achieving the 100 per cent performance measure target, more than 45 per cent more applicants were visited within the 30-day period than in any previous program. The inability to visit every applicant within the 30-day time period was due to the prioritization of applicants based on the severity of damage, the unprecedented volume of applications received, the immense geographic scope of the program and the finite number of qualified evaluators available for completion of the evaluations. More than 93.9 per cent of applicants were visited within 60 days and all applicants were visited within 90 days.

2005 Peace River DRP

This program was the result of groundwater seepage in the Town of Peace River due to a combination of a number of events in January and March of 2005. A total of 23 residential and seven small business applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

2005 City of Wetaskiwin DRP

This program was in response to two severe rainstorms in June of 2005 that resulted in overland flooding in the City of Wetaskiwin. A total of 42 residential and 18 small business applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

2005 East Central Alberta DRP

This program was in response to a severe rainstorm in August of 2005 that resulted in overland flooding and groundwater seepage in the City of Lloydminster, the County of Vermilion River and the Town of Wainwright. A total of 135 residential and five small business applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

2005 Fall Southern Alberta DRP

This program was in response to a severe rain and snow storm in September of 2005 that resulted in overland flooding and groundwater seepage in 15 municipalities in southern and central Alberta. The June 2005 severe rainstorms had already impacted a large proportion of these municipalities. A total of 175 residential and 10 small business applications were received and all eligible applicants were evaluated within the 30-day performance measure period.

Applications for the 2005 Southern Alberta DRP were accepted until the published program closure date, at which time the application phase of the program was closed. The other five programs presently remain open for further applications, but will all be closed by July 31, 2006.

Performance Measure

Measure: The level of preparedness as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years.

Description: The *Disaster Services Act* assigns a majority of the responsibility and authority for response to emergencies and disasters to the local order of government. The act specifies the powers of a local authority, which are available during a time of emergency or disaster and also specifies the structure and preparedness actions that the municipality is obliged to complete.

The act recognizes that some local government organizations do not have sufficient resources to meet all of the obligations for structure or preparedness actions and so the act defines which forms of local governments are subject to the act. The municipal organizations physically cover the entire landmass of Alberta (excluding First Nations reservations), with no overlap. The number of municipalities decreases annually as a result of dissolutions.

The act states that each of the 314 local authorities "shall prepare and approve emergency plans and programs." These municipal emergency plans represent the recorded preparations of the municipality to respond to a disaster or emergency. In any given year, a municipality is considered to have demonstrated preparedness by exercising its plan if it conducts a desk-top, functional or simulated exercise to assess the plan's effectiveness, or activates its Emergency Operations Centre in response to a real event, confirming that its plan and procedures are effective.

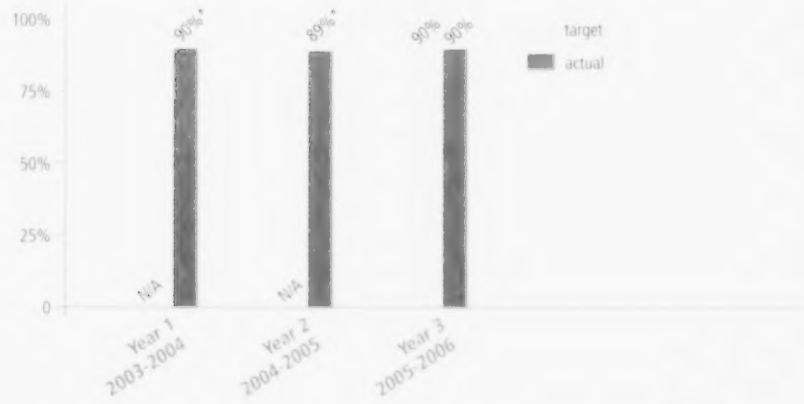
This performance measure is designed to demonstrate that all of the municipalities covered under the act maintain their preparedness by exercising their municipal emergency plans at least once in the previous four-year period.

Target: 90 per cent

The target reflects the completion of one mandatory exercise for each municipality within a four-year moving window as defined by the legislation.

Actual Results: This performance measure has changed for the 2005-06 fiscal year. The measure is now calculated as the percentage of municipalities exercising their Municipal Emergency Plans in the last four years. In prior years Municipal Affairs reported the cumulative percentage of municipalities who had exercised their Municipal Emergency Plans in each year of a four-year cycle. Prior year figures have been restated to reflect this change in methodology. This change makes the performance measure more accurately reflect the mandate of Emergency Management Alberta.

Emergency preparedness testing



Source: Alberta Municipal Affairs

***Note:** Restatement of 2003-04 and 2004-05 performance measures to reflect the methodology change introduced in 2005-06.

Analysis

The performance measure was achieved for 2005-06 through a combination of exercises and activations of municipal plans. The extraordinary flooding in June 2005 in southern and central Alberta focused the efforts of all district officers on 61 municipalities for a three-month period, dealing with real events. The effectiveness and efficiency with which the affected municipalities responded during the June 2005 flooding, and the efforts of the remaining 253 municipalities to complete planned exercises, clearly demonstrates good progress on the part of municipalities to ensure they maintain currency of plans, knowledge and skills through the individual and collective training provided by courses and exercises.

Another indicator of progress is the marked increase in emergency management regionalization achieved through municipalities developing regional plans that bring together the resources of many municipalities under a single plan.

Financial Information for Core Business 3

Emergency Management Alberta

Fiscal 2006 Actual Compared to Fiscal 2006 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 109 of the annual report), Emergency Management Alberta (EMA) can be shown as follows:

	2005-06 Estimates	Authorized Supplementary	2005-06 Authorized Budget	2005-06 Actual Expenses	Unexpended (Over Expended)
Emergency Management Alberta					
Branch Management and Programs – Operating Expense	$ 4,609	$ 153	$ 4,762	$ 4,828	$ (66)
Disaster Recovery	600	170,985	171,585	167,832	3,753
Assistance for municipal emergency response training (emergency management training)	500	(175)	325	315	10
Emergency Management Operating System	—	—	—	15	(15)
	$ 5,709	$ 170,963	$ 176,672	$ 172,990	$ 3,682

Operating Expenses

EMA incurred expenses of $172.990 million and came in under the authorized budget of $176.672 million by $3.682 million, or 2.08 per cent. The under-expenditure relates to lower than expected administrative costs of the six 2005 Disaster Recovery Programs.

The Expense by Core Business report (page 28 of the annual report) includes the indirect allocation of the ministry support services expenses, the Public Safety Division support expenses and the valuation adjustments.

Fiscal 2006 Actual Compared to Fiscal 2005 Actual (thousands of dollars):

	2005-06	2004-05	Increase
Emergency Management Alberta	$ 172,990	$ 29,672	$ 143,318

EMA incurred $172.990 million in operating expenses compared to $29.672 million in fiscal 2005, an increase of $143.318 million. This was mainly due to the magnitude of the 2005 Southern Alberta Flood Disaster Recovery Program.

On the Statement of Operations the expenses for Public Safety include the division support expenses and the expenses of the Safety Services and EMA core businesses.

Core Business 4 – Municipal Government Board

Goal 6: An independent appeal system that issues timely and impartial decisions of high quality

Results

- Exceeded the goal of 80 per cent of clients satisfied with the processes used by the Municipal Government Board (MGB) and the timeliness of its decisions.
- Continued developing the database project, with the linear component successfully active and the full system slated to be active in the new fiscal year. The database project involves an amalgamation of the MGB's three current databases, and will enable the MGB to electronically enter, track and manage all appeals received. It also has document and work flow management function, and will enable the MGB to manage all appeals and to track and manage its decisions. The project is a partnership between Municipal Affairs, the City of Edmonton and the Province of British Columbia. The City of Edmonton went into full operation in early 2005.
- Processed appeals according to established standards and worked diligently with client groups to schedule appeals in a timely and efficient manner.
- Conducted stakeholder meetings with all key client groups, resulting in modified operating practices and setting in place evidence exchanges and hearings to meet party needs while satisfying legislative requirements.
- Completed a stakeholder survey and follow-up sessions, and responded to client feedback by making changes to improve MGB practices and procedures to better serve client needs.
- Managed complex appeals, resulting in major appeals being effectively and efficiently heard and decided and maximizing use of external and internal resources.
- Applied appropriate resources to monitor and track decisions to improve timely decision making.
- Conducted quarterly and specialized training workshops with board members and staff to strengthen knowledge and skills for achieving quality adjudication processes and decisions on matters before the board.
- Increased use of one-member panels increase MGB efficiencies and support a user-friendly appeal environment.

Performance Measure

Measure: Considering the environment of board hearings, in which 50 per cent of parties may receive an unfavourable decision, the board will strive to ensure that 80 per cent of parties who appear before it are satisfied or neutral regarding the board's services and processes.

Description: It is a requirement of the Municipal Government Board (MGB) that it make and be seen as making impartial, independent decisions that are of a high quality. It needs to be recognized that while the MGB sets out to fairly hear and render quality impartial decisions, because of the adjudication process, one-half of recipients will be receiving decisions that are not in their favour. Regardless of this fact, it was determined that only the parties participating in the appeal process and directly affected by MGB decisions can fairly judge the board's performance. The measure results are from responses received from the parties that appeared before the MGB between the dates of April 1, 2004 to March 31, 2005 and surveyed in December 2005. To determine if the goal was met, an independent consulting firm surveyed the parties who appeared before the MGB.

This measure also recognizes the expectation that the MGB achieves efficiency in hearing and deciding appeals in a timely manner. The results for this component were also derived from responses contained in the survey.

Target: 80 per cent

Actual Results: The MGB achieved its target. The actual 2005-06 results were 85 per cent, including responses that were either satisfied or neutral. This result shows that parties that appear before the MGB are generally satisfied with the fairness and application of processes in hearing and deciding their appeals and in the quality of MGB decisions.

Stakeholder satisfaction with Municipal Government Board

Source: Alberta Municipal Affairs

***Note:** The 2003-04 actual result has been restated to 87 per cent to conform with the current methodology.

Analysis

The Municipal Government Board continues to maintain high levels of client satisfaction consistent with results in previous years. It is able to do so even though the number of hearings continues to rise and the complexity of appeals are also increasing. The ability to maintain this level of performance is particularly difficult when 50 per cent of the parties have lost the decision.

The number of hearings increased from 1,233 in the previous survey year to 1,535 this survey year, an increase of 24 per cent. Fifty-two per cent of the 493 eligible clients participated in the survey, a percentage reduction, but a larger number of respondents from the 64 per cent of 405 eligible clients that participated last year.

Hearing clients agreement with selected statements about the Municipal Government Board's hearing process

Number of respondents – 224 (for first four responses) – 264 (for fifth response)	Agreed	Neutral	Disagreed
You were treated in a courteous manner	85%	6%	9%
You had sufficient opportunity to present your case	83%	7%	11%
The hearing process was straightforward and easy to understand	78%	11%	11%
The hearing process was fair, that is, it was impartial and unbiased	65%	11%	24%
The oral/written decision(s) were delivered in a reasonable time period (table 29)	72%*	5%*	23%
Average	**76.6%**	**8.0%**	**13.6%**

Source: Alberta Municipal Affairs

***Note:** From table 29 of the survey, the Municipal Government Board took the weighted average of both the oral and written responses to the "delivered in a reasonable time period" question for both the "satisfied" and "neutral" results. The percentage satisfied for oral responses is assumed to be 100% since these were immediate decisions, while the percentage satisfied for written responses is 51% and the percentage neutral is 9%.

The number of appeals is expected to continue to increase next year. In addition, large numbers of appeals from specific municipalities will make it more difficult to achieve timely decisions without placing unreasonable strain on client resources and without negatively impacting client satisfaction.

Financial Information for Core Business 4

Municipal Government Board

Fiscal 2006 Actual Compared to Fiscal 2006 Budget (thousands of dollars)

As reported on Schedule 5 to the financial statements (page 109 of the annual report), the Municipal Government Board (MGB) can be shown as follows:

	2005-06 Estimates	Authorized Supplementary	2005-06 Authorized Budget	2005-06 Actual Expenses	Unexpended (Over Expended)
Municipal Government Board					
Operating Expenses	$ 2,849	$ —	$ 2,849	$ 3,338	$ (489)

Operating Expenses

As reported on the Statement of Operations (page 73 of the Annual Report), the MGB incurred operating expenses of $3.338 million and came in over the authorized budget of $2.849 million by $0.489 million, or 17.16 per cent.

The over-expended budget was a result of the MGB receiving and hearing a significant number of two years worth of property appeals in 2005-06. The total number of hearings rose to 2,112 from 1,535 in the prior year, an increase of 37.6 per cent. In addition, the MGB experienced increases in the numbers and/or complexity of appeals in most appeal categories.

The Expense by Core Business report (page 28 of the Annual Report) includes the indirect allocation of the Ministry support services expenses and the valuation adjustments.

Fiscal 2006 Actual Compared to Fiscal 2005 Actual (thousands of dollars):

Operating	2005-06	2004-05	Increase
Municipal Government Board	$ 3,338	$ 2,814	$ 272

As reported on the Statement of Operations, the MGB incurred operating expenses of $3.338 million in the 2005-06 fiscal year compared to $2.814 million in 2004-05, an increase of $0.272 million or 18.62 per cent.

The increase in expenditures was due to two years of property appeals arriving and being heard in this fiscal year. Also, a larger number of appeals were received in the other MGB appeal disciplines and many were of greater complexity leading to higher than budgeted costs. Additional expenses included annual staff salary increases.

2005-06 PERFORMANCE MEASURES SOURCE AND METHODOLOGY

Goal 1: An effective, responsive, co-operative and well-managed local government sector

Performance Measure

Level of satisfaction with the Local Government Services Division's (LGS) activities, services and programs, in enabling and promoting a co-operative and well-managed local government sector. It calculates the percentage of the units within LGS that achieved their individual performance targets. Unit performance is determined through a satisfaction survey of stakeholders.

Data Source

The data for this measure is gathered through the annual LGS Client Satisfaction Survey. Research Innovations Inc. developed the survey instrument in 2000 in consultation with representatives from Alberta Municipal Affairs and have conducted the survey on behalf of LGS the past six years. The most recent survey was conducted between September 28 and October 31, 2005. This timing was in line with previous years as the survey is conducted in the fall of each year. Respondents are asked about their satisfaction with the services that they have received in the past 12 months.

A comprehensive and specific e-mail/web-based/telephone survey was administered to all identified stakeholders: municipal chief administrative officers (CAOs), municipal chief elected officials (CEOs), municipal assessors, and chief financial officers (CFOs) of companies owning linear property (wells, pipelines, powerlines, telecommunications, etc.). The survey measures stakeholder overall satisfaction with each of LGS's nine line units. The questionnaire was structured to include groups of questions about various types of services provided by the units to their client group. Some of the survey questions polled both the CEO and the CAO, or the CAO and the assessor of a municipality, or CAOs and company CFOs, etc. Stakeholders only provided comments on those units and services with which they had contact.

The satisfaction scale used is a five-point, anchored satisfaction scale (very dissatisfied, somewhat dissatisfied, neither satisfied nor dissatisfied, somewhat satisfied and very satisfied). The scale that was used has a neutral midpoint, which can be a legitimate response.

Telephone/e-mail/web-based surveying methodology reduces the non-response bias that is common in mail-out surveys. In 2005-06, the survey had a response rate of 74 per cent. A total of 642 clients participated in the survey, which was down from 690 in 2004-05. However, the number of respondents indicating they had received at least one service from Local Government Services was up six per cent to 555 clients served.

Methodology

The data is received from Research Innovations Inc. summarized for each question in table format, cross-tabulated by stakeholder type (chief administrative officer, chief elected official, assessor, chief financial officer and total) and response (very satisfied, somewhat satisfied, neither satisfied or dissatisfied, somewhat satisfied, very dissatisfied and don't know/not stated).

The unweighted satisfaction scores of all the questions are tallied against the total number surveyed to determine the overall satisfaction. Any response of somewhat satisfied or very satisfied is counted as a satisfied response for the performance measure.

The levels of satisfaction for each unit are then compared with the satisfaction targets for each unit and the measure is calculated by dividing the number of units that met their target by the total number of units included in the survey. The performance targets were derived from former surveys, which this measure has replaced. The performance targets used in the calculation of the overall performance are outlined in the table under the analysis section.

Goal 2: Financially sustainable and accountable municipalities

Performance Measure

Percentage of municipalities meeting Ministry's criteria of financial accountability as established in the *Municipal Government Act* (MGA).

Data Source

The data used to calculate this measure comes primarily from the annual audited financial statements and the financial information returns which municipalities must submit to the Minister of Municipal Affairs by May 1 of each year, pursuant to the MGA. The data relates primarily to sections 244, 252, 278 and 282 of the MGA.

The Grants and Administration Unit and the Municipal Advisory Services Unit prepare the data, complete the required calculations, and supply the supplementary information used for this measure. The information is collected for administrative purposes as well as for tabulating the measure.

The data used to calculate this measure is reported based upon a calendar year, which is the fiscal year for municipalities. The results reported in this

measure are from the calendar year prior to the fiscal year in which they are reported (e.g., for 2005-06 annual reporting, Municipal Affairs reports municipal results from the 2004 calendar year).

Methodology

The required data sets are extracted from the Municipal Financial Information System using Microsoft Access and are compiled in an Excel spreadsheet. Point scores are calculated using Excel formulas where possible. Points for section 282 must be entered manually as would supplementary information regarding debt limit extensions and deficit recovery extensions. Supplementary information related to section 252 and 244 is entered manually into the Excel spreadsheet as required.

The measure is calculated based on a demerit point system weighting the 16 criteria as set out in sections 244, 252, 278 and 282 of the *Municipal Government Act*. Municipalities meeting or exceeding 100 points are considered to be outside of the criteria for achieving financial accountability. The scoring system serves as a proxy measure. Scores of 100 points or more would be a solid indicator of an accountability problem, and if continued would likely indicate a loss of financial sustainability.

Goal 3: A well-managed and efficient assessment and property tax system in which stakeholders have confidence

Performance Measure

Percentage of municipal assessment rolls that meet provincial standards for procedures, uniformity, and equity.

Data Source

No later than January 31 of each year, all municipalities are required by the Alberta Assessment Quality Minister's Guidelines to submit assessment and sales data. Most upload their data directly into the province's web-based application, Assessment Shared Services Environment (ASSET), through their Computer Assisted Mass Appraisal systems. Examples of the type of information submitted include the assessed value, the sale price for sold properties, legal descriptions and property characteristics, etc.

The calculation of median assessment ratios and assessment levels form part of stage one of the annual audit. The annual audit program is an important tool in measuring mass appraisal performance. Through ratio studies, the Assessment Audit Unit compares municipal assessments to market value indicators and verifies whether municipal assessments meet regulated quality standards. Tests are done to check for compliance to the regulated quality standards. Because of the assessment audit cycle, the data upon which the 2005-06 measure is based reflects the 2004 assessment year.

Methodology

Under the Matters Relating to Assessment and Taxation Regulation, the quality standard specifies that the acceptable range for median assessment ratios is between 0.95 and 1.05.

Each municipality calculates ratios of assessment to market value (sale price or indicator of market value) for all sold properties in each sub-group or value range stratum in the two property categories (Residential and Non-residential). The sub-grouping or stratification is based on assessment value and property type.

All the ratios within each sub-group or stratum are ranked and the median determined. Each median is then weighted by its respective total assessed value for that sub-group or stratum and a weighted mean is calculated for each of the two categories and expressed as a percentage. The measure is calculated by averaging the percentage of municipalities whose ratios fall within the acceptable range for both categories.

Goal 4: A comprehensive safety system that provides an appropriate level of public safety

Performance Measure

The percentage of assessed accredited municipal entities, corporations, agencies, and delegated administrative organizations administering the *Safety Codes Act* that achieve a satisfactory rating.

This key performance statistic gives an indication of the overall health of the safety system by measuring the degree to which accredited organizations are effectively administering safety programs.

Data Source

The accredited organizations identified in a prescribed list for the year are assessed throughout the year using a series of checklists. Safety Services uses an electronic tool based on established database software for compiling the raw checklist data.

Methodology

Accredited municipal entities and corporations are assessed on a revolving basis. A prescribed one-third of the accredited municipal entities and accredited corporations and 100 per cent of the Delegated Administrative Organizations – the Petroleum Tank Management Association of Alberta, the Alberta Elevating Devices and Amusement Rides Safety Association, and the Alberta Boilers Safety Association – are monitored/assessed annually based on a fiscal year. One hundred per cent of authorized accredited agencies under contract with the department are assessed annually.

During the year, data gathered using the checklists is entered into the electronic database for accredited municipal entities and corporations.

A score is computed for each completed checklist using the percentage of satisfactory responses to checklist questions. A benchmark of 70 per cent has been adopted as a "satisfactory" rating. The checklist scores for the Quality Management Plans and disciplines administered by each organization are then averaged to produce an overall score for the organization. The percentage of overall scores that meet or exceed the benchmark is computed for each type of organization (i.e., accredited municipal entities, corporations, agencies and Delegated Administrative Organizations). This percentage of satisfactory performance is then weighted by the number of organizations assessed and combined with that of the other types of organizations to produce the key performance statistic.

The monitoring sample size for the accredited municipalities and accredited corporations is as follows:

1) a prescribed one-third list;
2) plus all those entities from the previous year that scored less than satisfactory;
3) plus new municipal entities and corporations accredited in the previous year (which are added to this year's prescribed one-third list);
4) less those that discontinued their accreditations.

This sampling method, which ensures that each accredited entity will be monitored at least once every three years, was adopted to facilitate a focus on monitoring and following up on the improvement activities that the accredited entity agreed to undertake. The performance statistic was calculated using the same electronic tools and in the same manner as last year for accredited municipal entities, accredited corporations, authorized accredited agencies and DAOs.

Performance Measure

Fire deaths per 100,000 population (10-year moving average).

Data Source

Section 9 of the Administrative Items Regulation under the *Safety Codes Act* requires that a Safety Codes Officer for the fire discipline who investigates the causes and circumstances of a fire must immediately notify the Fire Commissioner if the fire has resulted in loss of life. Additional sources of information on fire deaths are insurance companies/adjusters, the Medical Examiner's Office and police departments. The total number of fire deaths is revised as information is received from these sources. Alberta Official Population data is obtained from the Alberta Municipal Affairs website.

Methodology

In 2005-06, continual improvements were made to the web-based application called the Fire Electronic Reporting System (FERS) to enable fire departments to input fire incident data online. The Fire Statistics Reporting Manual and fire incident reports (PDF format) are also posted on the Fire Commissioner's Office website to enable reporting agencies easy online access to fire reporting.

The data is collected in either hard copy or electronically through FERS. Data from the hard copies is keyed into the system and validated and then fire death figures are extracted using a SAS software program and manually entered into an Excel spreadsheet. The Alberta population figures are then entered in to the Excel spreadsheet to calculate the fire death rates, which are plotted in a bar-chart as 10-year moving averages. The data and the measure relate to a calendar year, which is consistent with reports produced by Statistics Canada and other jurisdictions, enabling comparisons.

The formula for fire death rate for each year is as follows:

$$\left(\frac{\text{Revised number of fire deaths per year}}{\text{Population}} \right) \times 100{,}000$$

The fire death rate for the current year and each of the preceding nine years are averaged to produce the 10-year moving average statistic.

Goal 5: An emergency management program that enables effective preparation for, response to, and recovery from major emergencies and disasters

Performance Measure

Achieve a level of 100 per cent of claims where a member of the damage assessment team arrives on-site within 30 days of a claim being received.

Data Source

Separate files are maintained for each application within each program. Information contained in these files is entered into a Microsoft Access disaster recovery database. The disaster recovery database, which has been in use since July 1995, tracks all applications received and activities related to the processing of each application made under a disaster recovery program.

Methodology

The database is used to identify the number of disaster recovery applications and the number of those applications where the damage evaluator arrived on the site within 30 days of receipt of the application. The measurement period is the fiscal program year from April 1, 2005 to March 31, 2006.

Eligible applications are those that fall within the program approval document authorized by the Minister. For example, an application for a property that is outside the approved program boundaries would be deemed ineligible.

The applications are collected in a separate database established for each disaster recovery program. The database records all dates pertinent to the administration of the program and can be queried at any time. The performance measure is calculated as a simple percentage: the number of applications that satisfy the 30-day criterion divided by the total number of applications.

Performance Measure

Core business, Disaster Services

The level of preparedness as measured by the percentage of municipalities that have conducted an emergency management exercise in the last four years.

Data Source

The source for the data on this measure is the compilation of quarterly data submitted by the seven district officers in Community Programs at Emergency Management Alberta. The cumulative fourth quarter report is used to extract the actual number of municipalities that have exercised their plans in the current year either through a co-ordinated exercise or an actual event, that have not previously exercised their plans in the current four-year period.

Methodology

A schedule is established for all municipalities to be exercised at least once every four years. All real events where the Municipal Emergency Plan was exercised are included, when and as they happen, replacing the scheduled exercise in the calculation. All seven district officers compile and submit quarterly reports to the Director of Community Programs who maintains a four-year cumulative report for the current exercise window. This information is used to verify the required exercises or events for the municipality. If an exercise is a repeat, it is not included in the measure. Once the current four-year cumulative report by district is updated, a simple sum of the seven districts is calculated, which is divided by the total number of municipalities to produce a cumulative percentage.

Goal 6: An independent system that administers appeals and issues timely and impartial decisions of high quality

Performance Measure

Core business, Municipal Government Board

Considering the environment of board hearings, in which 50 per cent of parties may receive an unfavourable decision, the board will strive to ensure that 80 per cent of parties who appear before it are satisfied or neutral regarding the board's services and processes.

Data Source

The client satisfaction survey was conducted by Research Innovations Inc. The hearing participant information used to conduct the survey was developed from the Application Tracking Database and written records of the Municipal Government Board.

Methodology

Municipal Government Board (MGB) staff designed two database queries for the purpose of identifying all participants who attended MGB hearings. MGB staff then ran the queries (one for assessment and one for subdivision) listing all appellants and respondents that were attached to hearings. Staff generated lists of all linear, annexations, intermunicipal disputes and equalized parties from paper files and developed a listing in an Excel document. Staff then found e-mail addresses or phone numbers for all parties and sent the list to Research Innovations Inc.

The methodology followed by Research Innovations Inc. in conducting the survey and preparing the survey results is described in the consultant's final report.

The satisfaction scale used in the report is a five-point, anchored satisfaction scale (strongly agree, somewhat agree, neither agree or disagree, somewhat disagree, strongly disagree). The scale that was used has a neutral midpoint, which can be a legitimate response.

The statistical result of 85 per cent is calculated using equal weighting of the responses to four of the questions stated in table 17 of the consultant's report and one question from table 29 of the same report. The response used from table 29 provides the fifth value.

All five values are rated equally to arrive at the final statistical value. The database information was derived from all appeal hearings held from April 1, 2004 to March 31, 2005.

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*NOTE TO READER: The unaudited financial information being presented here was derived from the December 31, 2005 audited financial statements of each Improvement District.

AUDITOR GENERAL
Alberta

Auditor's Report

To the Members of the Legislative Assembly

I have audited the consolidated statement of financial position of the Ministry of Municipal Affairs as at March 31, 2006 and consolidated statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Ministry's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Ministry of Municipal Affairs as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 23, 2006

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF OPERATIONS
Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual (restated - Note 3)
Revenues (Schedule 1)			
Internal Government Transfers	$ 24,000	$ 24,000	$ 24,000
Transfers from Government of Canada	85	131,566	18,152
Fees, Permits and Licenses	290	400	421
Other Revenue	1,781	2,507	3,994
Net Operating Income (Loss) from Safety Codes Council	606	1,007	(143)
	26,762	**159,480**	**46,424**
Expenses - Directly Incurred (Note 2b and Schedule 6)			
Voted (Schedule 3)			
Ministry Support Services	11,169	11,492	10,754
Local Government Services	99,155	102,626	96,576
Public Safety	14,059	181,756	38,141
Municipal Government Board	2,849	3,338	2,814
	127,232	**299,212**	**148,285**
Statutory (Schedule 3)			
Valuation Adjustments			
Provision for Doubtful Accounts	-	23	3
Provision for Vacation Pay	200	311	280
	200	**334**	**283**
Total Expenses	**127,432**	**299,546**	**148,568**
Loss on Disposal of Capital Assets	-	52	-
Net Operating Results	**$ (100,670)**	**$ (140,118)**	**$ (102,144)**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
As at March 31, 2006
(in thousands)

	2006	2005 (restated - Note 3)
Assets		
Cash	$ 168	$ -
Accounts Receivable (Note 5)	148,969	40,236
Loans and Advances	13	13
Tangible Capital Assets (Note 7)	4,449	5,727
Deferred Charge	127	82
Equity in Safety Codes Council (Note 4)	3,957	2,950
	$ 157,683	**$ 49,008**
Liabilities		
Accounts Payable and Accrued Liabilities	**$ 129,977**	**$ 56,007**
Net Assets (Liabilities)		
Net Assets (Liabilities) at the Beginning of the Year	(6,999)	3,004
Net Transfer to Government Services	-	82
Net Operating Results	(140,118)	(102,144)
Net Transfer from General Revenues	174,823	92,059
Net Assets (Liabilities) at End of Year	**27,706**	**(6,999)**
	$ 157,683	**$ 49,008**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
CONSOLIDATED STATEMENT OF CASH FLOW
Year ended March 31, 2006
(in thousands)

	2006	2005 (restated - Note 3)
Operating Transactions:		
Net Operating Results	$ (140,118)	$ (102,144)
Non-cash items included in Net Operating Results		
Amortization	1,953	1,739
Deferred Charge	(45)	(51)
Valuation Adjustments	334	283
Undistributed earnings of Safety Codes Council	(1,007)	143
	(138,883)	(100,030)
Decrease (increase) in Accounts Receivable	(108,755)	3,420
Increase in Accounts Payable and Accrued Liabilities	73,659	5,245
Cash applied to Operating Transactions	**(173,979)**	**(91,365)**
Capital Transactions:		
Acquisition of Tangible Capital Assets	(728)	(1,013)
Loss on Disposal of Tangible Capital Assets	52	-
Cash applied to Capital Transactions	**(676)**	**(1,013)**
Financing Transactions:		
Net Transfer to Government Services	-	82
Net Transfer from General Revenues	174,823	92,059
Cash Provided by Financing Transactions	**174,823**	**92,141**
Increase (Decrease) in Cash	**168**	**(237)**
Cash, Beginning of Year	-	237
Cash, End of Year	**$ 168**	**$ -**

The accompanying notes and schedules are part of these financial statements.

MINISTRY OF MUNICIPAL AFFAIRS
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
March 31, 2006

Note 1 Authority and Purpose

The Ministry of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Ministry works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Ministry of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The *Government Accountability Act* defines a Ministry as including the Department and any Provincial agency and Crown-controlled organization for which the Minister is responsible. These consolidated financial statements include the accounts of the Department of Municipal Affairs (*Government Organization Act*) and the Safety Codes Council (*Safety Codes Act*). The Ministry is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 10 to these financial statements.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Consolidation

The accounts of the Safety Codes Council are reported on the modified equity basis, the equity being computed in accordance with generally accepted accounting principles.

The Ministry's Annual Report for the year ended March 31, 2006 includes the Safety Codes Council audited financial statements for the year ended December 31, 2005.

(c) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Ministry may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Ministry's dedicated revenue initiatives.

Expenses

Directly Incurred

Directly incurred expenses are those costs the ministry has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs which comprise the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- Grants which are recognized when authorized and eligibility criteria for the grant are met.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Incurred by Others

Services contributed by other entities in support of the Ministry's operations are disclosed in Schedule 6.

Assets

Financial assets of the Ministry are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Ministry are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities represent all financial claims payable by the Ministry at fiscal year end.

Net Assets/Net Liabilities

Net assets/net liabilities represents the difference between the carrying value of assets held by the Ministry and its liabilities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(c) Basis of Financial Reporting (continued)

Measurement Uncertainty

Measurement uncertainty exists when there is a significant variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable ($148,923), and the Underground Petroleum Storage Tank and Disaster Recovery accrued liabilities ($103,410), as disclosed in these statements are subject to measurement uncertainty.

Note 3 Change in Accounting Policy

Sources of generally accepted accounting principles

As of April 1, 2005, the Ministry of Municipal Affairs retroactively adopted provisions under the PSAB accounting standard Section 1300, "Government Reporting Entity". This standard provides guidance on indicators of control for purposes of consolidation, and accounting for government organizations.

Following the adoption of this accounting standard, the following change in accounting policy was applied retroactively:

- the financial results of the Safety Codes Council were consolidated with the Ministry of Municipal Affairs under the transitional provisions of the modified equity method of accounting. The March 31, 2005 amounts have been restated to reflect this method of consolidation. It is our intention to use this method of accounting until March 31, 2008, after which line-by-line consolidation will be adopted.

Future accounting policy changes

No accounting policy changes have been identified that are expected to impact the Ministry's financial reporting for the fiscal year ending March 31, 2007.

Note 4 **Equity in Safety Codes Council (SCC)**
(in thousands)

	2005	2004
Equity in SCC, beginning of year	$ 2,950	$ 3,093
Total revenues	3,746	2,151
Total expenses	(2,739)	(2,267)
Other Adjustments	-	(27)
Equity in SCC, end of year	$ 3,957	$ 2,950

Note 5 **Accounts Receivable**
(in thousands)

	Gross Amount	Allowance for Doubtful Accounts	2006 Net Realizable Value	2005 Net Realizable Value
Government of Canada	$ 148,923	$ -	$ 148,923	$ 39,321
Other	85	39	46	915
	$ 149,008	**$ 39**	**$ 148,969**	**$ 40,236**

Accounts receivable are non-interest bearing, unsecured and reported at their net realizable value.

Note 6 **Valuation of Financial Assets and Liabilities**

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Note 6 Valuation of Financial Assets and Liabilities (continued)
(in thousands)

Disaster Recovery accounts receivable ($149,884) is a long term financial instrument and non-interest bearing. As a result, the Department believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Department is unable to estimate the fair value.

Note 7 Tangible Capital Assets
(in thousands)

	Estimated Useful Life	Cost	Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
Equipment	10 years	$ 1,206	$ 660	$ 546	$ 698
Computer Hardware and Software	5 years	12,577	8,674	3,903	5,029
		$ 13,783	**$ 9,334**	**$ 4,449**	**$ 5,727**

Note 8 Contractual Obligations
(in thousands)

The Ministry has entered into contractual agreements with various parties regarding service contracts with aggregate future commitments amounting to $3,329 (2005 - $6,968).

Commitments due are shown as follows:

2006-07	$ 3,221
2007-08	35
2008-09	35
2009-10	38
2010-11	-
	$ 3,329

Note 9 Contingent Liabilities
(in thousands)

At March 31, 2006, the Ministry is a defendant in 57 legal claims (2005 – 58 legal claims). Fifty-one of these claims have specified amounts totaling $70,024 and the remaining six have no specified amount (2005 – 53 claims with a specified amount of $82,088 and five with no specified amount). Included in the total legal claims are six claims amounting to $6,548 and two claims with no specified amount (2005 – seven claims amounting to $17,519 and two claims with no specified amount) in which the Department has been jointly named with other entities. Fifty-four claims amounting to $70,024 and three claims reporting no specified amount (2005 – 52 claims amounting to $81,690 and five claims with no specified amount) are covered by the Alberta Risk Management Fund.

Of the 57 legal claims mentioned above, 43 claims totaling $62,865 and three claims reporting no specified amounts are commenced by individuals as a result of alleged damages they incurred through the use of untreated pine shakes as roofing material. A number of sample cases went to trial. The Court of Queen's Bench of Alberta dismissed the plaintiffs' case because it did not disclose a valid cause of action. The plaintiffs appealed to the Court of Appeal and their appeal was dismissed. The plaintiffs currently have filed an application with the Supreme Court of Canada seeking leave to appeal to that Court.

The resulting loss, if any, from these claims cannot be determined.

Note 10 Trust Funds Under Administration
(in thousands)

The Ministry administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Ministry's financial statements.

The financial statements of the trust funds are prepared on a calendar year basis and the net assets as disclosed in the audited financial statements of the trust funds for December 31, 2005 and December 31, 2004 respectively, are as follows:

	2005	2004
Special Areas Trust Account	$ 74,859	$ 72,031
Improvement Districts' Trust Account	3,135	4,345
	$77,994	$ 76,376

Note 11 Payments Under Agreement
(in thousands)

The Ministry has entered into agreements to deliver programs and services that are fully funded by:

- The National Search and Rescue Secretariat to deliver search and rescue projects under the federal government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- The federal Office of Critical Infrastructure Protection and Emergency Preparedness for the delivery of the Joint Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.

Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $464 (2005 - $1,354) and accounts payable includes $350 (2005 - $1,185) relating to payments under agreement.

Amounts paid under agreement are as follows:

	2006	2005
New Search and Rescue Initiatives Fund	$ 42	$ 206
First Nations Emergency Planning Program	-	269
Joint Emergency Preparedness Program	1,110	368
	$ 1,152	**$ 843**

Note 12 Defined Benefit Plans
(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,188 for the year ended March 31, 2006 (2005 - $1,731).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 – $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 – $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 – $9,404).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006 the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 - $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,309 (2005 - $3,208). The expense for these two plans is limited to employer's annual contributions for the year.

Note 13 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 14 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual (restated - Note 3)
Internal Government Transfers			
Transfer from the Lottery Fund	$ 24,000	$ 24,000	$ 24,000
Transfer from the Government of Canada			
Disaster Assistance Programs	-	131,544	18,124
Other	85	22	28
	85	131,566	18,152
Net Income (Loss) from Safety Codes Council	606	1,007	(143)
Fees, Permits and Licences	290	400	421
Other revenue			
Dedicated Revenue Initiatives	1,626	1,627	1,612
Refunds of Expenditure	154	866	2,362
Miscellaneous	1	14	20
	1,781	2,507	3,994
	$ 26,762	**$ 159,480**	**$ 46,424**

Schedule 2

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
Dedicated Revenue Initiatives
Year ended March 31, 2006
(in thousands)

	2006		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	Excess
Linear Assessment Services	$ 1,626	$ 1,627	$ 1

The Ministry prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Ministry's statement of operations.

Schedule 3

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed by Object
Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 27,194	$ 27,081	$ 24,589
Supplies and Services	18,733	26,958	19,955
Grants	78,838	243,164	101,947
Financial Transactions and Other	52	56	55
Amortization of Tangible Capital Assets	2,415	1,953	1,739
	$ 127,232	**$ 299,212**	**$ 148,285**
Statutory:			
Valuation Adjustments:			
Provision for Doubtful Accounts	$ -	$ 23	$ 3
Provision for Vacation Pay	200	311	280
	$ 200	**$ 334**	**$ 283**

MINISTRY OF MUNICIPAL AFFAIRS
BUDGET
Year ended March 31, 2006
(in thousands)

Schedule 4

	2005-06 Estimates	Adjustment[1]	2005-06 Budget	Authorized Supplementary[2]	2005-06 Authorized Budget
Revenues					
Internal Government Transfers	$ 24,000	$ -	$ 24,000	$ -	$ 24,000
Transfers from Government of Canada	85	-	85	-	85
Fees, Permits and Licences	290	-	290	-	290
Other Revenue	1,781	-	1,781	-	1,781
Net Income from Safety Codes Council	606	-	606	-	606
	26,762	**-**	**26,762**	**-**	**26,762**
Expenses - Directly Incurred					
Voted - Operating Expenses					
Ministry Support Services	11,169	(6)	11,163	-	11,163
Local Government Services	99,155	-	99,155	7,100	106,255
Public Safety	14,059	-	14,059	170,985	185,044
Municipal Government Board	2,849	-	2,849	-	2,849
	127,232	**(6)**	**127,226**	**178,085**	**305,311**
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	200	-	200	-	200
	200	**-**	**200**	**-**	**200**
Net Operating Results	**$ (100,670**	**$ 6**	**$ (100,664)**	**$ (178,085)**	**$ (278,749)**
Capital Investment	**$ 1,185**	**$ 6**	**$ 1,191**	**$ -**	**$ 1,191**

[1] Adjustments include transfer of operating budget to capital budget.

[2] Supplementary estimates of $138.24 million and $39.85 million were approved on December 1, 2005 and March 16, 2006, respectively.

MINISTRY OF MUNICIPAL AFFAIRS **Schedule 5**

RELATED PARTY TRANSACTIONS

Year ended March 31, 2006

(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Government Entities	
	2006	2005
Revenues		
Transfers from the Lottery Fund	$24,000	$24,000
Expenses		
Supplies and Services	$3,201	$3,355
Grants	173	206
	$3,374	$3,561

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Other Government Entities	
	2006	2005
Expenses		
Accomodation	$4,339	$4,249
Legal	683	554
Other	5	4
	$5,027	$4,807

The Ministry paid $30,770 (2005 - $29,902) of grants in place of taxes on behalf of other ministries.

Schedule 6

MINISTRY OF MUNICIPAL AFFAIRS
SCHEDULE TO CONSOLIDATED FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2006
(in thousands)

	2006						
		Expenses - Incurred by Others		Valuation Adjustments[d]			
Program	Expenses[a]	Accommodation Costs[b]	Legal Services[c]	Vacation Pay	Doubtful Accounts	Total	2005 Total
Ministry Support Services	$ 11,492	$ 1,336	$ 84	$ 55	$ 3	$ 12,970	$ 12,175
Local Government Services	102,626	1,293	184	137	13	104,253	98,190
Public Safety	181,756	1,363	291	93	7	183,510	39,725
Municipal Government Board	3,338	347	124	26	-	3,835	3,281
	$ 299,212	**$ 4,339**	**$ 683**	**$ 311**	**$ 23**	**$ 304,568**	**$ 153,371**

[a] Expenses – directly incurred as per statement of operations, excluding valuation adjustments ($299,546 minus $334 = $299,212).

[b] Costs shown for accommodation (includes grants in lieu of taxes) on Schedule 5, allocated by square footage.

[c] Costs shown for legal services on Schedule 5, allocated by estimated costs incurred by each program.

[d] Valuation Adjustments as per Statement of Operations. Employee benefits and doubtful accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay – program allocation by employee.
- Doubtful Accounts Provision – direct program allocation.

AUDITOR GENERAL
Alberta

Auditor's Report

To the Minister of Municipal Affairs

I have audited the statement of financial position of the Department of Municipal Affairs as at March 31, 2006 and statements of operations and cash flow for the year then ended. These financial statements are the responsibility of the Department's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Department of Municipal Affairs as at March 31, 2006 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
May 23, 2006

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF OPERATIONS
Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget (Schedule 4)	Actual	Actual
Revenues (Schedule 1)			
Internal Government Transfers	$ 24,000	$ 24,000	$ 24,000
Transfers from Government of Canada	85	131,566	18,152
Fees, Permits and Licenses	290	400	421
Other Revenue	1,781	2,507	3,994
	26,156	**158,473**	**46,567**
Expenses - Directly Incurred (Note 2b and Schedule 8)			
Voted (Schedule 3 and 5)			
Ministry Support Services	11,169	11,492	10,754
Local Government Services	99,155	102,626	96,576
Public Safety	14,059	181,756	38,141
Municipal Government Board	2,849	3,338	2,814
	127,232	**299,212**	**148,285**
Statutory (Schedule 3 and 5)			
Valuation Adjustments			
Provision for Doubtful Accounts	-	23	3
Provision for Vacation Pay	200	311	280
	200	**334**	**283**
Total Expenses	**127,432**	**299,546**	**148,568**
Loss on Disposal of Capital Assets	-	**52**	-
Net Operating Results	**$ (101,276)**	**$ (141,125)**	**$ (102,001)**

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF FINANCIAL POSITION
As at March 31, 2006
(in thousands)

	2006	2005
Assets		
Cash	$ 168	$ -
Accounts Receivable (Note 3)	148,969	40,236
Loans and Advances	13	13
Tangible Capital Assets (Note 5)	4,449	5,727
Deferred Charge	127	82
	$ 153,726	**$ 46,058**
Liabilities		
Accounts Payable and Accrued Liabilities	**$ 129,977**	**$ 56,007**
Net Liabilities		
Net Liabilities at Beginning of Year	(9,949)	(89)
Net Transfer to Government Services	-	82
Net Operating Results	(141,125)	(102,001)
Net Transfer from General Revenues	174,823	92,059
Net Assets (Liabilities) at End of Year	**23,749**	**(9,949)**
	$ 153,726	**$ 46,058**

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
STATEMENT OF CASH FLOW
Year ended March 31, 2006
(in thousands)

	2006	2005
Operating Transactions:		
Net Operating Results	$ (141,125)	$ (102,001)
Non-cash items included in Net Operating Results		
Amortization	1,953	1,739
Deferred Charge	(45)	(51)
Valuation Adjustments	334	283
	(138,883)	(100,030)
Decrease (increase) in Accounts Receivable	(108,755)	3,420
Increase in Accounts Payable and Accrued Liabilities	73,659	5,245
Cash applied to Operating Transactions	**(173,979)**	**(91,365)**
Capital Transactions:		
Acquisition of Tangible Capital Assets (Schedule 5)	(728)	(1,013)
Loss on Disposal of Tangible Capital Assets	52	-
Cash applied to Capital Transactions	**(676)**	**(1,013)**
Financing Transactions:		
Net Transfer to Government Services	-	82
Net Transfer from General Revenues	174,823	92,059
Cash Provided by Financing Transactions	**174,823**	**92,141**
Increase (Decrease) in Cash	**168**	**(237)**
Cash, Beginning of Year	-	237
Cash, End of Year	**$ 168**	**$ -**

The accompanying notes and schedules are part of these financial statements.

DEPARTMENT OF MUNICIPAL AFFAIRS
NOTES TO THE FINANCIAL STATEMENTS
Year Ended March 31, 2006

Note 1 Authority and Purpose

The Department of Municipal Affairs operates under the authority of the *Government Organization Act*, Chapter G-10, Revised Statutes of Alberta 2000.

The Department works in partnership with Alberta's municipalities, other provincial government departments, our federal partners, local authorities, various organizations focused on local issues, and the private sector to ensure Albertans live in safe and sustainable communities and are served by open, effective, accountable and well-managed local governments.

Note 2 Summary of Significant Accounting Policies and Reporting Practices

The recommendations of the Public Sector Accounting Board (PSAB) of the Canadian Institute of Chartered Accountants are the primary source for the disclosed basis of accounting. These financial statements are prepared in accordance with the following accounting policies that have been established by government for all departments.

(a) Reporting Entity

The reporting entity is the Department of Municipal Affairs for which the Minister of Municipal Affairs is accountable. The Department is also responsible for the Improvement Districts' Trust Account and Special Areas Trust Account, the activities of which are not included in these financial statements except by way of disclosure in Note 8 to these financial statements.

The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry's operations for which the Minister is accountable.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(a) Reporting Entity (continued)

All departments of the Government of Alberta operate within the General Revenue Fund (the Fund). The Fund is administered by the Minister of Finance. All cash receipts of departments are deposited into the Fund and all cash disbursements made by departments are paid from the Fund. Net transfer (to) from General Revenues is the difference between all cash receipts and all cash disbursements made.

(b) Basis of Financial Reporting

Revenues

All revenues are reported on the accrual method of accounting. Cash received for which goods or services have not been provided by year-end is recorded as unearned revenue.

Internal Government Transfers

Internal government transfers are transfers between entities within the government reporting entity where the entity making the transfer does not receive any goods or services directly in return.

Dedicated Revenue

Dedicated revenue initiatives provide a basis for authorizing spending. Dedicated revenues are shown as credits or recoveries in the details of the Government Estimates for a supply vote. If actual dedicated revenues are less than budget and total voted expenses are not reduced by an amount sufficient to cover the deficiency in dedicated revenues, the following year's voted expenses are encumbered. If actual dedicated revenues exceed budget, the Department may, with the approval of the Treasury Board, use the excess revenue to fund additional expenses on the program. Schedule 2 discloses information on the Department's dedicated revenue initiatives.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Expenses

Directly Incurred

Directly incurred expenses are those costs the Department has primary responsibility and accountability for, as reflected in the government's budget documents.

In addition to program operating expenses like salaries, supplies, etc., directly incurred expenses also include:

- Amortization of tangible capital assets.
- Pension costs which comprise the cost of employer contributions for current service of employees during the year.
- Valuation adjustments which include changes in the valuation allowances used to reflect financial assets at their net recoverable or other appropriate value. Valuation adjustments also represent the change in management's estimate of future payments arising from obligations relating to vacation pay, guarantees and indemnities.
- Grants which are recognized when authorized and eligibility criteria for the grant are met.

Incurred by Others

Services contributed by other entities in support of the Department's operations are disclosed in Schedule 8.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Assets

Financial assets of the Department are limited to financial claims, such as advances to and receivables from other organizations, employees and other individuals.

Assets acquired by right are not included. Tangible capital assets of the Department are recorded at historical cost and amortized on a straight-line basis over the estimated useful lives of the assets. The threshold for capitalizing new systems development is $100,000 and the threshold for all other tangible capital assets is $5,000.

Donated tangible capital assets are recorded at their fair value at the time of contribution.

When physical assets (tangible capital assets and inventories) are gifted or sold for a nominal sum to parties external to the government reporting entity, the fair values of these physical assets less any nominal proceeds are recorded as grants in kind.

Liabilities

Liabilities are recorded to the extent that they represent present obligations as a result of events and transactions occurring prior to the end of fiscal year. The settlement of liabilities will result in sacrifice of economic benefits in the future.

Net Liabilities

Net liabilities represents the difference between the carrying value of assets held by the Department and its liabilities.

Note 2 Summary of Significant Accounting Policies and Reporting Practices (continued)

(b) Basis of Financial Reporting (continued)

Measurement Uncertainty
(in thousands)

Measurement uncertainty exists when there is a significant variance between the recognized or disclosed amount and another reasonably possible amount. Estimates relating to the determination of the Government of Canada accounts receivable ($148,923), and the Underground Petroleum Storage Tank and Disaster Recovery accrued liabilities ($103,410), as disclosed in these statements are subject to measurement uncertainty.

Note 3 Accounts Receivable
(in thousands)

	2006			2005
	Gross Amount	Allowance for Doubtful Accounts	Net Realizable Value	Net Realizable Value
Government of Canada	$ 148,923	$ -	$ 148,923	$ 39,321
Other	85	39	46	915
	$ 149,008	**$ 39**	**$ 148,969**	**$ 40,236**

Accounts receivable are unsecured and non-interest bearing.

Note 4 Valuation of Financial Assets and Liabilities
(in thousands)

Fair value is the amount of consideration agreed upon in an arm's length transaction between knowledgeable, willing parties who are under no compulsion to act.

The fair values of cash, accounts receivable, advances, accounts payable and accrued liabilities are estimated to approximate their carrying values because of the short term nature of these instruments.

Disaster Recovery accounts receivable ($149,884) is a long term financial instrument and non-interest bearing. As a result, the Department believes the fair value of this financial instrument to be less than its carrying value. However, due to the uncertainty as to the eventual collection or repayment date of this financial instrument, the Department is unable to estimate the fair value.

Note 5 Tangible Capital Assets
(in thousands)

	Estimated Useful Life	Cost	Accumulated Amortization	2006 Net Book Value	2005 Net Book Value
Equipment	10 years	$ 1,206	$ 660	$ 546	$ 698
Computer Hardware and Software	5 years	12,577	8,674	3,903	5,029
		$ 13,783	**$ 9,334**	**$ 4,449**	**$ 5,727**

Note 6 Contractual Obligations
(in thousands)

The Department has entered into contractual agreements with various parties regarding service contracts with aggregate future commitments amounting to $3,329 (2005 - $6,968).

Commitments due are shown as follows:

2006-07	$	3,221
2007-08		35
2008-09		35
2009-10		38
2010-11		-
	$	3,329

Note 7 Contingent Liabilities
(in thousands)

At March 31, 2006, the Department is a defendant in 57 legal claims (2005-58 legal claims). Fifty-one of these claims have specified amounts totaling $70,024 and the remaining six have no specified amount (2005 – 53 claims with a specified amount of $82,088 and five with no specified amount). Included in the total legal claims are six claims amounting to $6,548 and two claims with no specified amount (2005 – seven claims amounting to $17,519 and two claims with no specified amount) in which the Department has been jointly named with other entities. Fifty-four claims amounting to $70,024 and three claims reporting no specified amount (2005 – 52 claims amounting to $81,690 and five claims with no specified amount) are covered by the Alberta Risk Management Fund.

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The resulting loss, if any, from these claims cannot be determined.

Note 8 Trust Funds Under Administration
(in thousands)

The Department administers trust funds that are regulated funds consisting of public money over which the Legislature has no power of appropriation. Because the Province has no equity in the funds and administers them for the purposes of various trusts, they are not included in the Department's financial statements.

The financial statements of the trust funds are prepared on a calendar year basis and the net assets as recorded in the audited financial statements of the trust funds for December 31, 2005 and December 31, 2004 respectively, are as follows:

	2005	2004
Special Areas Trust Account	$ 74,859	$ 72,031
Improvement Districts' Trust Account	3,135	4,345
	$77,994	**$ 76,376**

Note 9 Payments Under Agreement
(in thousands)

The Department has entered into agreements to deliver programs and services that are fully funded by:

- The National Search and Rescue Secretariat to deliver search and rescue projects under the federal government's New Search and Rescue Initiatives Fund.
- Indian and Northern Affairs Canada to deliver the Alberta First Nations Emergency Planning Program.
- The federal Office of Critical Infrastructure Protection and Emergency Preparedness for the delivery of the Joint Emergency Preparedness Program which is designed to provide financial assistance, on a cost-shared basis with municipalities, to fund projects that will develop or enhance a regional emergency response capability.

Costs incurred under these agreements are made by the Department under authority of the *Financial Administration Act*, Section 25. Accounts receivable includes $464 (2005 - $1,354) and accounts payable includes $350 (2005 - $1,185) relating to payments under agreement.

Amounts paid under agreement are as follows:

	2006	2005
New Search and Rescue Initiatives Fund	$ 42	$ 206
First Nations Emergency Planning Program	-	269
Joint Emergency Preparedness Program	1,110	368
	$ 1,152	**$ 843**

Note 10 Defined Benefit Plans
(in thousands)

The Department participates in the multi-employer pension plans, Management Employees Pension Plan and Public Service Pension Plan. The Department also participates in the multi-employer Supplementary Retirement Plan for Public Service Managers. The expense for these pension plans is equivalent to the annual contributions of $2,188 for the year ended March 31, 2006 (2005 - $1,731).

At December 31, 2005, the Management Employees Pension Plan reported a deficiency of $165,895 (2004 – $268,101) and the Public Service Pension Plan reported a deficiency of $187,704 (2004 – $450,068). At December 31, 2005, the Supplementary Retirement Plan for Public Service Managers had a surplus of $10,018 (2004 – $9,404).

The Department also participates in two multi-employer Long Term Disability Income Continuance Plans. At March 31, 2006 the Bargaining Unit Plan reported an actuarial deficiency of $8,699 (2005 - $11,817) and the Management, Opted Out and Excluded Plan an actuarial surplus of $8,309 (2005 - $3,208). The expense for these two plans is limited to employer's annual contributions for the year.

Note 11 Comparative Figures

Certain 2005 figures have been reclassified to conform to the 2006 presentation.

Note 12 Approval of Financial Statements

The financial statements were approved by the Senior Financial Officer and the Deputy Minister.

Schedule 1

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Revenues
Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Internal Government Transfers			
Transfer from the Lottery Fund	$ 24,000	$ 24,000	$ 24,000
Transfer from the Government of Canada			
Disaster Assistance Programs	-	131,544	18,124
Other	85	22	28
	85	131,566	18,152
Fees, Permits and Licences	290	400	421
Other revenue			
Dedicated Revenue Initiatives	1,626	1,627	1,612
Refunds of Expenditure	154	866	2,362
Miscellaneous	1	14	20
	1,781	2,507	3,994
	$ 26,156	**$ 158,473**	**$ 46,567**

Schedule 2

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Dedicated Revenue Initiatives
Year ended March 31, 2006
(in thousands)

	2006		
	Authorized Dedicated Revenues	Actual Dedicated Revenues	Excess
Linear Assessment Services	$ 1,626	$ 1,627	$ 1

The Ministry prepares linear property and major plant assessments for various municipalities on a cost recovery basis. The dedicated revenues are reported as part of other revenues on the Department's statement of operations.

Schedule 3

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
Expenses - Directly Incurred Detailed by Object
Year ended March 31, 2006
(in thousands)

	2006		2005
	Budget	Actual	Actual
Voted:			
Salaries, Wages and Employee Benefits	$ 27,194	$ 27,081	$ 24,589
Supplies and Services	18,733	26,958	19,955
Grants	78,838	243,164	101,947
Financial Transactions and Other	52	56	55
Amortization of Tangible Capital Assets	2,415	1,953	1,739
	$ 127,232	**$ 299,212**	**$ 148,285**
Statutory:			
Valuation Adjustments:			
Provision for Doubtful Accounts	$ -	$ 23	$ 3
Provision for Vacation Pay	200	311	280
	$ 200	**$ 334**	**$ 283**

DEPARTMENT OF MUNICIPAL AFFAIRS
BUDGET
Year ended March 31, 2006
(in thousands)

Schedule 4

	2005-06 Estimates	Adjustment[1]	2005-06 Budget	Authorized Supplementary[2]	2005-06 Authorized Budget
Revenues					
Internal Government Transfers	$ 24,000	$ -	$ 24,000	$ -	$ 24,000
Transfers from Government of Canada	85	-	85	-	85
Fees, Permits and Licences	290	-	290	-	290
Other Revenue	1,781	-	1,781	-	1,781
	26,156	**-**	**26,156**	**-**	**26,156**
Expenses - Directly Incurred					
Voted - Operating Expenses					
Ministry Support Services	11,169	(6)	11,163	-	11,163
Local Government Services	99,155	-	99,155	7,100	106,255
Public Safety	14,059	-	14,059	170,985	185,044
Municipal Government Board	2,849	-	2,849	-	2,849
	127,232	**(6)**	**127,226**	**178,085**	**305,311**
Statutory Expenses					
Valuation Adjustments					
Provision for Doubtful Accounts	-	-	-	-	-
Provision for Vacation Pay	200	-	200	-	200
	200	**-**	**200**	**-**	**200**
Net Operating Results	**$ (101,276)**	**$ 6**	**$ (101,270)**	**$ (178,085)**	**$ (279,355)**
Capital Investment	**$ 1,185**	**$ 6**	**$ 1,191**	**$ -**	**$ 1,191**

[1] Adjustments include transfer of operating budget to capital budget.

[2] Supplementary estimates of $138.24 million and $39.85 million were approved on December 1, 2005 and March 16, 2006, respectively.

DEPARTMENT OF MUNICIPAL AFFAIRS **Schedule 5**

COMPARISON OF EXPENSES - DIRECTLY INCURRED, EQUIPMENT PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET

Year ended March 31, 2006

(in thousands)

	2005-06 Estimates	Adjustment	2005-06 Budget	Authorized Supplementary	2005-06 Authorized Budget	2005-06 Actual Expenses[2]	Unexpended (Over Expended)
Voted Expenses							
Ministry Support Services							
Minister's Office	$ 396	$ -	$ 396	$ -	$ 396	$ 363	$ 33
Deputy Minister's Office	515	-	515	-	515	619	(104)
Support Services							
-Operating Expense	10,258	(6)	10,252	-	10,252	10,510	(258)
-Equipment Purchases	100	6	106	-	106	237	(131)
	11,269	**-**	**11,269**	**-**	**11,269**	**11,729**	**(460)**
Local Government Services							
Division Support							
-Operating Expense	5,346	-	5,346	-	5,346	4,071	1,275
-Equipment Purchases	1,085	-	1,085	-	1,085	432	653
Municipal Services	8,488	-	8,488	-	8,488	7,824	664
Assessment Services	7,283	-	7,283	-	7,283	8,420	(1,137)
Unconditional Municipal Grant							
-Operating Expense	7,655	-	7,655	7,100	14,755	15,264	(509)
-Operating Expense Funded by Lotteries	12,000	-	12,000	-	12,000	12,000	-
Municipal Debenture Interest Rebate Program	3,599	-	3,599	-	3,599	3,511	88
Grants in Place of Taxes	31,628	-	31,628	-	31,628	30,944	684
Financial Support to Local Authorities	9,656	-	9,656	-	9,656	6,133	3,523
Municipal Sponsorship							
-Operating Expense	1,500	-	1,500	-	1,500	2,459	(959)
-Operating Expense Funded by Lotteries	12,000	-	12,000	-	12,000	12,000	-
	100,240	**-**	**100,240**	**7,100**	**107,340**	**103,058**	**4,282**
Public Safety							
Division Support	1,079	-	1,079	-	1,079	1,152	(73)
Safety Services and Fire Protection:							
Program Management	307	-	307	-	307	353	(46)
Technical Services	1,844	-	1,844	-	1,844	1,714	130
Regional Services	3,384	-	3,384	-	3,384	3,453	(69)
Fire Commissioner							
-Operating Expense	1,236	-	1,236	22	1,258	1,591	(333)
-Equipment Purchases	-	-	-	-	-	59	(59)
Underground Petroleum Storage Tanks	-	-	-	-	-	3	(3)
Emergency Management Alberta:							
Branch Management and Programs							
-Operating Expense	4,609	-	4,609	153	4,762	4,828	(66)
Disaster Recovery	600	-	600	170,985	171,585	167,832	3,753
Emergency Management Operating System	-	-	-	-	-	15	(15)
Assistance for Municipal Emergency Response Training	1,000	-	1,000	(175)	825	815	10
	14,059	**-**	**14,059**	**170,985**	**185,044**	**181,815**	**3,229**
Municipal Government Board							
-Operating Expense	2,849	-	2,849	-	2,849	3,338	(489)
	2,849	**-**	**2,849**	**-**	**2,849**	**3,338**	**(489)**
Totals	**$ 128,417**	**$ -**	**$ 128,417**	**$ 178,085**	**$ 306,502**	**$ 299,940**	**$ 6,562**

Schedule 5
(Continued)

DEPARTMENT OF MUNICIPAL AFFAIRS
COMPARISON OF EXPENSES - DIRECTLY INCURRED, EQUIPMENT PURCHASES AND STATUTORY EXPENSES BY ELEMENT TO AUTHORIZED BUDGET
Year ended March 31, 2006
(in thousands)

	2005-06 Estimates	Adjustment	2005-06 Budget	Authorized Supplementary[1]	2005-06 Authorized Budget	2005-06 Actual Expenses[2]	Unexpended (Over Expended)
Operating Expense	$ 103,232	$ -	$ 103,232	$ 178,085	$ 281,317	$ 275,212	$ 6,105
Operating Expense Funded by Lotteries	24,000	-	24,000	-	24,000	24,000	-
Equipment/Inventory Purchases	1,185	-	1,185	-	1,185	728	457
	$ 128,417	**$ -**	**$ 128,417**	**$ 178,085**	**$ 306,502**	**$ 299,940**	**$ 6,562**
Statutory Expenses							
Valuation Adjustments	**$ 200**	**$ -**	**$ 200**	**$ -**	**$ 200**	**$ 334**	**$ (134)**

[1] Supplementary estimates of $138.24 million and $39.85 million were approved on December 1, 2005 and March 16, 2006, respectively.

[2] Includes performance pay of $772,460.

Schedule 6

DEPARTMENT OF MUNICIPAL AFFAIRS
SALARY AND BENEFITS DISCLOSURE
Year Ended March 31, 2006

	2006				2005
	Base Salary[1]	Other Cash Benefits[2]	Other Non-Cash Benefits[3]	Total	Total
Senior Official					
Deputy Minister[4]	$ 189,229	$ 34,000	38,956	$ 262,185	$220,000
Executives					
Assistant Deputy Ministers:					
Local Government Services	$ 145,720	30,494	30,717	$ 206,931	$175,620
Public Safety[5]	$ 137,689	18,052	30,676	$ 186,417	$170,860
Executive Directors:					
Business Services[6]	$ 102,947	5,706	24,346	$ 132,999	$150,187
Financial and Information Technology Services[7]	$ 160,410	20,845	37,603	$ 218,858	$151,181
Human Resources[8]	$ 106,983	18,099	24,959	$ 150,041	$126,824

Notes:

Prepared in accordance with Treasury Board Directive 03/2004

(1) Base salary includes pensionable base pay.

(2) Other cash benefits include bonuses, vacation payments and lump sum payments.

(3) Other non-cash benefits include government's share of all employee benefits and contributions or payments made on behalf of employees including pension, health care, dental coverage, group life insurance, short and long term disability plans, WCB premiums, professional memberships and tuition fees.

(4) Automobile provided, no dollar amount included in benefits and allowances figures.

(5) This position was occupied by two individuals through the year. The former Assistant Deputy Minister retired at the end of December, 2005. There is currently a Director acting in this position. Other cash benefits include vacation payout of $26,211.

(6) This position was occupied by two individuals through the year. The former Executive Director transferred to another Ministry at the end of October, 2005. There is currently a Manager acting in this position.

(7) This position was occupied by two individuals through the year. The former Executive Director retired at the end of September, 2005. The current Executive Director transferred from the Ministry of Restructuring and Government Efficiency effective July 15, 2005. Other cash benefits include vacation payout of $11,108.

(8) This position was occupied by three individuals through the year. The former Human Resources Director left the Ministry effective January 6, 2006. There was an Acting Director from December 5, 2005 to March 3, 2006. There was a permanent Executive Director hired in this position effective March 6, 2006. Other cash benefits include vacation payout of $8,432.

DEPARTMENT OF MUNICIPAL AFFAIRS **Schedule 7**
RELATED PARTY TRANSACTIONS
Year ended March 31, 2006
(in thousands)

Related parties are those entities consolidated or accounted for on a modified equity basis in the Province of Alberta's financial statements. Related parties also include management in the Department.

The Ministry and its employees paid or collected certain taxes and fees set by regulation for permits, licenses and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this Schedule.

The Ministry had the following transactions with related parties recorded on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

	Other Government Entities	
	2006	2005
Revenues		
Transfers from the Lottery Fund	$24,000	$24,000
Expenses		
Supplies and Services	$3,201	$3,355
Grants	173	206
	$3,374	$3,561
Payable to Safety Codes Council	$3,582	$6,473

The Ministry also had the following transactions with related parties for which no consideration was exchanged. The amounts for these related party transactions are estimated based on the costs incurred by the service provider to provide the service. These amounts are not recorded in the financial statements.

	Other Government Entities	
	2006	2005
Expenses		
Accomodation	$4,339	$4,249
Legal	683	554
Other	5	4
	$5,027	$4,807

The Ministry paid $30,770 (2005 - $29,902) of grants in place of taxes on behalf of other ministries.

Schedule 8

DEPARTMENT OF MUNICIPAL AFFAIRS
SCHEDULE TO FINANCIAL STATEMENTS
ALLOCATED COSTS
Year ended March 31, 2006
(in thousands)

	2006						
		Expenses - Incurred by Others		Valuation Adjustments[d]			
Program	Expenses[a]	Accommodation Costs[b]	Legal Services[c]	Vacation Pay	Doubtful Accounts	Total	2005 Total
Ministry Support Services	$ 11,492	$ 1,336	$ 3	$ 55	$ 3	$ 12,889	$ 12,175
Local Government Services	102,626	1,293	184	137	13	104,253	98,190
Public Safety	181,756	1,363	291	93	7	183,510	39,725
Municipal Government Board	3,338	347	124	26	-	3,835	3,281
	$ 299,212	**$ 4,339**	**$ 602**	**$ 311**	**$ 23**	**$ 304,487**	**$ 153,371**

[a] Expenses – directly incurred as per statement of operations, excluding valuation adjustments ($299,546 minus $334 = $299,212).

[b] Costs shown for accommodation (includes grants in lieu of taxes) on Schedule 7, allocated by square footage.

[c] Costs shown for legal services on Schedule 7, allocated by estimated costs incurred by each program.

[d] Valuation Adjustments as per Statement of Operations. Employee benefits and doubtful accounts provision included in Valuation Adjustments were allocated as follows:

- Vacation Pay – program allocation by employee.
- Doubtful Accounts Provision – direct program allocation.

KPMG LLP
Chartered Accountants
Commerce Place
10125-102 Street
Edmonton Alberta T5J 3V8
Canada

Telephone (780) 429-7300
Fax (780) 429-7379
Internet www.kpmg.ca

AUDITORS' REPORT

To the Members of Safety Codes Council

We have audited the statement of financial position of Safety Codes Council as at December 31, 2005 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Council's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

Operating fees received from Municipalities and Agencies are collected on behalf of the Council, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of operating fees revenue received from Municipalities and Agencies was limited to the amounts recorded in the records of the Council and we were not able to determine whether any adjustments might be necessary to operating fees revenue, excess of revenues over expenses, accounts receivable and unrestricted net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of operating fees from Municipalities and Agencies referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Council as at December 31, 2005 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants

Edmonton, Canada
March 17, 2006

SAFETY CODES COUNCIL

Statement of Financial Position

December 31, 2005, with comparative figures for 2004

	2005	2004
Assets		
Current assets:		
Cash	$ 1,581,672	$ 1,062,965
Accounts receivable	565,079	216,169
Contributions receivable related to the Underground Petroleum Tank Site Remediation Program (note 5)	4,292,633	8,392,995
Advances to municipalities	50,000	100,000
Prepaid expenses and deposits	46,932	47,155
	6,536,316	9,819,284
Investments (note 2)	3,369,411	2,771,653
Capital assets (note 3)	134,808	149,870
	$ 10,040,535	$ 12,740,807
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities	$ 124,653	$ 189,914
Deferred contributions (note 4)	92,578	168,173
Deferred contributions related to the Underground Petroleum Tank Site Remediation Program (note 5)	5,866,567	9,432,691
	6,083,798	9,790,778
Net assets (note 6):		
Unrestricted	1,821,929	800,159
Internally restricted	2,000,000	2,000,000
Invested in capital assets	134,808	149,870
	3,956,737	2,950,029
Commitments (note 7)		
	$ 10,040,535	$ 12,740,807

See accompanying notes to financial statements.

On behalf of the Council:

_____ Member

_____ Member

_____ Member

SAFETY CODES COUNCIL

Statement of Operations and Changes in Net Assets

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Revenues:		
Operating fees:		
Municipalities and agencies	$ 2,819,898	$ 1,293,555
Corporations	283,902	171,125
Designation of powers	15,325	12,475
Certification	69,265	36,475
Accreditation	4,200	4,500
Appeals	4,600	11,400
Investment income	162,471	164,602
Course and exam fees	335,731	237,453
Contributions from Alberta Municipal Affairs	10,913	190,419
Other	39,443	28,478
	3,745,748	2,150,482
Expenditures:		
Salaries and benefits	1,480,779	935,157
Electronic Business Solutions	243,394	213,723
Office and general	130,562	110,684
Travel	115,007	95,377
Course and seminar costs	89,699	70,221
Office rental	89,083	77,852
Special training programs	80,962	30,230
Publications	74,593	66,292
New course version	59,419	77,773
Appeals	48,685	30,348
Amortization of capital assets	45,926	44,764
Code update training	43,784	28,965
Annual conference	35,907	40,027
Meetings	32,769	23,450
Insurance	32,632	31,298
Electronic conversion	23,075	37,450
Bank and investment service charges	21,607	16,540
Professional fees	19,540	16,768
Loss on sale of capital assets	18,180	1,407
Consulting fees	13,217	556
Course revisions	11,188	8,155
Competency analysis	10,000	3,252
Honorariums	8,495	6,066
EPS Private Sewage Enhancements Project	3,600	300
Test bank validations	2,532	2,918
New course development	2,445	67,040
Corporate memberships	1,277	1,314
Safety Codes Council System	683	115,124
Electronic Permitting System	-	113,663
	2,739,040	2,266,714
Excess (deficiency) of revenues over expenditures before the undernoted	1,006,708	(116,232)
Underground Petroleum Tank Site Remediation Program (note 5):		
Total expenditures	3,592,940	5,991,806
Revenues:		
Recoveries	(26,816)	(19,535)
Alberta Municipal Affairs	(3,566,124)	(5,972,271)
Administrative costs not eligible for reimbursements	-	(26,548)
	-	(26,548)
Excess (deficiency) of revenues over expenditures	1,006,708	(142,780)
Net assets, beginning of year (note 6)	2,950,029	3,092,809
Net assets, end of year (note 6)	$ 3,956,737	$ 2,950,029

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Statement of Cash Flows

Year ended December 31, 2005, with comparative figures for 2004

	2005	2004
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenditures	$ 1,006,708	$ (142,780)
Items not involving cash:		
Amortization of capital assets	45,926	44,764
Amortization of deferred contributions	(83,853)	(265,389)
Amortization of deferred contributions related to the Underground Petroleum Tank Site Remediation Program	(3,566,124)	(5,972,271)
Loss on sale of capital assets	18,180	1,407
Change in non-cash operating working capital:		
Decrease (increase) in accounts receivable	(348,910)	813
Decrease in Contributions receivable related to the Underground Petroleum Tank Site Remediation Program	4,100,362	5,090,201
Decrease in advances to municipalities	50,000	100,000
Decrease in prepaid expenses and deposits	223	6,424
Decrease in accounts payable and accrued liabilities	(65,261)	(370,054)
	1,157,251	(1,506,885)
Investing and financing activities:		
Decrease (increase) in investments	(597,758)	433,020
Proceeds from sale of capital assets	203	-
Purchase of capital assets	(49,247)	(33,848)
Contributions received, net of repayments	8,258	22,940
Contributions received from Alberta Municipal Affairs	-	1,036,000
	(638,544)	1,458,112
Increase (decrease) in cash	518,707	(48,773)
Cash, beginning of year	1,062,965	1,111,738
Cash, end of year	$ 1,581,672	$ 1,062,965
Supplemental cash flow information:		
Bank and investment service charges paid	$ 21,607	$ 16,540

See accompanying notes to financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements

Year ended December 31, 2005

The Safety Codes Council (the "Council") is a corporation established under the Safety Codes Act of the Province of Alberta (Statutes of Alberta 1991, Chapter S-0.5). The industry-based council is comprised of a Council chair, a coordinating committee and technical councils in the following areas: amusement rides, boilers and pressure vessels, buildings, electrical, elevators, fire, gas, plumbing and passenger ropeways.

The Council is responsible for reviewing, formulating and managing significant components of the administration of Alberta's safety system. The Council's mandate is to:

- develop and recommend safety codes and standards;
- promote uniform safety standards and practices;
- develop and administer a program to certify and designate Safety Codes Officers;
- develop and administer a program to accredit safety system partners;
- administer appeals for certification, accreditation and orders issued under the Safety Codes Act;
- establish and operate safety information and training programs; and
- engage in any other activities as directed by the Minister responsible for the Safety Codes Act.

1. Significant accounting policies:

(a) Revenue recognition:

The Council follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Operating fees from corporations and contributions relating to future years are reflected as deferred contributions.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2005

1. Significant accounting policies (continued):

(b) Investments:

Federal and provincial government bonds, corporate bonds and short-term notes and deposits are carried at amortized cost, or at amortized cost less amounts written-off to reflect a decline in value, if any, which is other than temporary. Interest is recognized on an effective yield basis. Corporate cumulative and non-cumulative preferred shares are carried at cost less amounts written off to reflect a decline in value, if any, which is other than temporary.

The Council does not use derivative financial instruments to alter the effects of market or interest fluctuations affecting these investments. The Council limits its exposure to credit risk by investing in short-term notes and bonds of financially sound counter-parties with a weighted average credit quality rating of AA or higher.

(c) Capital assets:

Capital assets are recorded at cost. Amortization is calculated using the following methods and annual rates:

Asset	Basis	Rate
Furniture and fixtures	Declining balance	20%
Equipment	Declining balance	20%
Computer hardware	Declining balance	30%
Computer software	Declining balance	30%
Leasehold improvements	Straight line	Over lease term

(d) Contributed services:

Alberta Municipal Affairs currently provides certain services to the Council including a monitoring service of accredited entities as part of the Municipal Support Program, at no cost. As a result of the difficulty in determining the fair value of these services, contributed services are not recognized in the financial statements.

Contributed supplies and services that would otherwise have been purchased are recorded as contributions and expenses. Such transactions are measured at the fair value at the date of contribution, when a fair value can be reasonably determined.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2005

1. Significant accounting policies (continued):

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the year. Actual results could differ from those estimates.

2. Investments:

	2005		2004	
	Carrying value	Market value	Carrying value	Market value
Cash (indebtedness)	$ 74,123	$ 74,123	$ (32,496)	$ (32,496)
Accrued interest	60,119	60,119	61,119	61,119
Federal and provincial government bonds, with effective interest rates from 2.9% to 6.9% (2004 – 2.6% to 6.9%) and maturity dates up to 2009	2,861,732	2,901,784	2,243,690	2,351,322
Corporate bonds, with an effective interest rate of 5.7% (2004 – 5.7%) with maturity dates up to 2009	99,477	103,948	99,324	106,129
Short-term note with an effective interest rate of nil (2004 – 1.91%)	-	-	26,058	26,058
Corporate cumulative and non-cumulative preferred shares, paying dividends at rates of 4.8% to 5.5% (2004 – 4.8% to 5.5%)	273,960	286,070	373,958	397,460
	$ 3,369,411	$ 3,426,044	$ 2,771,653	$ 2,909,592

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2005

3. Capital assets:

	Cost	Accumulated amortization	2005 Net book value	2004 Net book value
Furniture and fixtures	$ 124,764	$ 76,001	$ 48,763	$ 50,110
Equipment	14,839	8,247	6,592	5,890
Computer hardware	116,258	69,318	46,940	43,869
Computer software	76,507	53,126	23,381	36,955
Leasehold improvements	15,479	6,347	9,132	13,046
	$ 347,847	$ 213,039	$ 134,808	$ 149,870

4. Deferred contributions:

Deferred contributions represent unspent resources externally restricted for certification, designation of powers, courses and training, Electronic Permitting System and operating fees from corporations received in the current year that relate to future years. Changes in the deferred contributions balance are as follows:

2005	Operating fees	Electronic Permitting System - PSDS Enhancements	Courses and training	Safety Codes Council System	Other	Total
Balance, beginning of year	$ 65,375	$ 87,920	$ 6,630	$ 683	$ 7,565	$ 168,173
Amount received during the year	-	-	-	-	8,258	8,258
Amount recognized as revenue in the year	(65,375)	(3,600)	(6,630)	(683)	(7,565)	(83,853)
Balance, end of year	$ -	$ 84,320	$ -	$ -	$ 8,258	$ 92,578

2004	Operating fees	Electronic Permitting System - PSDS Enhancements	Courses and training	Safety Codes Council System	Other	Total
Balance, beginning of year	$ 66,375	$ 200,216	$ 31,370	$ 54,065	$ 58,596	$ 410,622
Amount received during the year	65,375	-	-	-	7,565	72,940
Amount repaid during the year	-	-	-	-	(50,000)	(50,000)
Amount recognized as revenue in the year	(66,375)	(112,296)	(24,740)	(53,382)	(8,596)	(265,389)
Balance, end of year	$ 65,375	$ 87,920	$ 6,630	$ 683	$ 7,565	$ 168,173

5. Underground Petroleum Tank Site Remediation Program:

The Underground Petroleum Tank Site Remediation Program (the "Program") was established by the Alberta government to provide financial assistance by way of grants to land owners, or persons responsible, for the clean up of contamination of lands related to underground fuel storage.

Effective April 1, 2002, pursuant to a Transfer Agreement between the Council and Alberta Municipal Affairs ("AMA"), the Council agreed to undertake the ongoing administration and completion of the Program. Under the Transfer Agreement, the Council has the authority to administer and complete the Program of the Minister of Municipal Affairs. For any grants committed to by AMA prior to the transfer of administration of the Program to the Council, the Council is responsible to review and approve the amounts to be paid; however, the actual payment is the responsibility of AMA.

	Year ended December 31, 2004	Year ended December 31, 2005	Total expenditures since project inception	Total project budget
Expenditures:				
Grants:				
Environmental site assessments	$ -	$ -	$ 979,507	$ -
Remediation	3,103,214	1,676,586	8,951,809	-
Retroactive claims	2,192,640	1,393,643	9,307,471	-
	5,295,854	3,070,229	19,238,787	24,359,000
Operational costs	695,952	522,711	2,701,409	3,363,000
Total expenditures	5,991,806	3,592,940	$ 21,940,196	$ 27,722,000
Recoveries:				
Investment income	(19,535)	(26,816)		
Net expenditures for the year	5,972,271	3,566,124		
Deferred contributions from Alberta Municipal Affairs, beginning of year	14,368,962	9,432,691		
Contributions received during the year	1,036,000	-		
Deferred contributions from Alberta Municipal Affairs, end of year	$ 9,432,691	$ 5,866,567		

During the current year, the Council approved certain grants for payment that were committed under the program by Alberta Municipal Affairs prior to April 1, 2002. These amounts have not been included in the financial statements.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2005

6. Net assets:

	Unrestricted	Internally restricted	Investment in capital assets	2005 Total	2004 Total
Balance, beginning of year	$ 800,159	$ 2,000,000	$ 149,870	$ 2,950,029	$ 3,092,809
Excess (deficiency) of revenues over expenditures	1,070,814	-	(64,106)	1,006,708	(142,780)
Investment in capital assets, net	(49,044)	-	49,044	-	-
Balance, end of year	$ 1,821,929	$ 2,000,000	$ 134,808	$ 3,956,737	$ 2,950,029

Unrestricted net assets includes revenues and expenses relating to the administration of the Barrier-Free Design Advisory Committee. For the year ended December 31, 2005, the statement of operations includes expenses of $nil (2004 - $1,533).

The Council maintains internally restricted net assets in the amount of $2,000,000 to minimize the impact of short-term fluctuations in operating fee revenues on its ability to meet its mandate. This amount is not available for other purposes without the approval of the Coordinating Committee.

7. Commitments:

The Council is committed to an operating lease for its premises. The remaining minimum lease payments for the lease are as follows:

2006	$ 36,701
2007	38,766
2008	13,104
	$ 88,571

The Council is also responsible for operating costs.

SAFETY CODES COUNCIL

Notes to Financial Statements (continued)

Year ended December 31, 2005

8. Fair value of financial assets and liabilities:

Market value of the investments is fair value, represented by the year-end quoted market bid price.

The fair values of the short-term notes and deposits within investments do not differ significantly from their carrying values due to the short-term nature of the investments.

All other financial assets and liabilities are recorded at amounts which approximate their fair values.

9. Comparative figures:

Certain comparative figures have been reclassified to conform with the financial presentation adopted in the current year.

Improvement Districts' Trust Account
Statement of Revenues and Expenditures
For the year ended December 31, 2005

(Summary)

	Improvement District						
	4	9	12	13	24	Kananaskis [a]	Total
Revenues	$ 50,546	$ 966,497	$ 57,974	$ 30,937	$ 34,350	$ 1,305,760	$ 2,446,064
Expenditures	35,275	565,226	42,017	7,881	12,535	1,317,286	1,980,220
Excess of revenues over expenditures	$ 15,271	$ 401,271	$ 15,957	$ 23,056	$ 21,815	$ (11,526)	$ 465,844

Improvement District:

4	Waterton National Park
9	Banff National Park
12	Jasper National Park
13	Elk Island National Park
24	Wood Buffalo National Park

[a] Ministerial Order No. L:159/01 delegated, effective October 1, 2001, the administration of the Kananaskis Improvement District to the Minister of Community Development.

(Detail)

	Improvement Districts						
	4	9	12	13	24	Kananaskis	Total
REVENUES							
General Municipal:							
Taxation							
Real property	$ 288,240	$ 2,576,384	$ 38,647	$ 4,389	$ 16,477	$ 1,107,947	$ 4,032,084
Federal grants in place of taxes	77,166	564,435	49,332	30,651	9,810	9,936	741,330
Provincial grants in place of taxes	-	-	-	-	-	120,532	120,532
Power and pipeline	3,898	76,770	106,882	12,709	5,830	324,118	530,207
Oil well drilling taxes	-	-	-	-	-	2,936	2,936
Penalties and costs	8,570	8,532	7,373	-	118	1,609	26,202
	377,874	3,226,121	202,234	47,749	32,235	1,567,078	5,453,291
Less payment of requisitions to:							
Alberta School Foundation Fund	344,039	2,334,626	143,435	24,938	13,338	765,024	3,625,400
Seniors Foundation	-	45,933	10,781	-	-	12,309	69,023
	344,039	2,380,559	154,216	24,938	13,338	777,333	3,694,423
General municipal taxes	33,835	845,562	48,018	22,811	18,897	789,745	1,758,868
Government transfers	13,627	35,029	4,147	5,632	13,634	15,552	87,621
Interest	1,734	25,698	4,809	1,494	794	28,130	62,659
Other	1,350	60,208	1,000	1,000	1,025	472,333	536,916
	$ 50,546	$ 966,497	$ 57,974	$ 30,937	$ 34,350	$ 1,305,760	$ 2,446,064
EXPENDITURES							
General Municipal:							
Administrative services	$ 16,584	$ 164,503	$ 7,400	$ 1,300	$ 1,135	$ 168,982	$ 359,904
Transportation services	-	-	-	-	-	87,392	87,392
Protective services	-	353,941	25,607	-	-	688,226	1,067,774
Assessment Fees	6,441	26,838	9,010	6,581	11,400	-	60,270
Recreation and cultural services	10,000	10,389	-	-	-	-	20,389
Utilities	-	8,234	-	-	-	236,169	244,403
Honorarium	1,625					-	1,625
Agriculture, planning and other community service	-	-	-	-	-	6,955	6,955
Other expenditures	625	1,321	-	-	-	129,562	131,508
	$ 35,275	$ 565,226	$ 42,017	$ 7,881	$ 12,535	$ 1,317,286	$ 1,980,220
Excess of revenue over expenditure	$ 15,271	$ 401,271	$ 15,957	$ 23,056	$ 21,815	$ (11,526)	$ 465,844

AUDITOR GENERAL
Alberta

Auditor's Report

To the Minister of Municipal Affairs

I have audited the statement of financial position of the Special Areas Trust Account as at December 31, 2005 and the statements of revenue, expenditure and accumulated excess of revenue over expenditure, reserves, equity in physical assets and cash flows for the year then ended. These financial statements are the responsibility of the Special Areas Trust Account's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Special Areas Trust Account as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles for municipal governments.

Fred J. Dunn FCA
Auditor General

Edmonton, Alberta
March 30, 2006

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2005

	2005	2004
ASSETS		
Financial Assets		
Current:		
Cash (Note 3)	$ 23,130,448	$ 25,710,587
Accounts receivable, net (Note 4)	2,532,342	1,593,878
Taxes receivable, net	2,039,112	461,304
Due from Province of Alberta, net (Note 5)	129,086	-
	27,830,988	27,765,769
Non-current:		
Accounts receivable, net (Note 4)	3,032,456	2,124,482
Investments (Schedule 1)	26,350,208	24,707,811
Total Financial Assets	57,213,652	54,598,062
Physical Assets (Note 6)		
Capital assets	20,411,988	18,070,959
Inventories	2,317,588	2,358,948
Total Physical Assets	22,729,576	20,429,907
	$ 79,943,228	$ 75,027,969
LIABILITIES AND TRUST EQUITY		
Current:		
Accounts payable and accruals	$ 2,058,071	$ 1,191,891
Due to Province of Alberta, net (Note 5)	-	91,646
Obligation under capital lease	-	43,900
Deferred lease revenue	526,761	475,868
Deferred provincial grant revenue (Note 7)	1,064,136	143,659
	3,648,968	1,946,964
Non-current:		
Provision for disability benefits	135,136	-
Provision for gravel pit reclamation (Note 8)	1,300,000	1,050,000
Total Liabilities	5,084,104	2,996,964
Equity:		
Accumulated excess of revenue over expenditure	1,338,028	1,826,552
Reserves	50,791,520	49,774,546
In physical assets	22,729,576	20,429,907
Total Equity	74,859,124	72,031,005
	$ 79,943,228	$ 75,027,969

The accompanying notes and schedules are part of these financial statements.

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005		2004
	BUDGET	ACTUAL	ACTUAL
Revenue	(Note 18)		
General municipal:			
Taxation			
Power and pipeline	$ 19,052,750	$ 20,646,834	$ 18,933,845
Real property	5,453,000	5,502,319	5,419,334
Grazing and cultivation	875,000	836,066	869,787
Penalties and costs on taxes	75,000	236,871	78,131
	25,455,750	27,222,090	25,301,097
Less amounts expended by transfers:			
Alberta School Foundation Fund	13,756,000	13,752,943	13,524,387
Seniors Foundation requisitions	895,000	878,129	895,040
	14,651,000	14,631,072	14,419,427
Net taxes for municipal purposes	10,804,750	12,591,018	10,881,670
Provincial grants (Note 9)	2,904,392	2,940,958	2,374,309
Leases (Note 10)	5,941,700	6,922,653	6,372,792
Interest	1,680,000	1,819,592	2,006,428
Tax recovery land sales	382,000	4,039,563	508,525
Other (Note 11)	2,605,250	2,375,676	2,160,067
Total revenue, carried forward	**$ 24,318,092**	**$ 30,689,460**	**$ 24,303,791**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF REVENUE, EXPENDITURE AND ACCUMULATED EXCESS OF REVENUE OVER EXPENDITURE (cont'd)
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005		2004
	BUDGET (Note 18)	ACTUAL	ACTUAL
Total revenue, brought forward	$ 24,318,092	$ 30,689,460	$ 24,303,791
Expenditure			
General municipal:			
Transportation services	16,723,930	19,395,841	15,741,927
Administrative services	3,322,224	3,444,195	2,821,842
Water and sanitation services	1,591,464	1,470,350	1,702,654
Agriculture and community pasture services	2,162,304	2,118,252	1,936,430
Recreational and cultural services	2,194,212	2,161,930	1,937,879
Protective services	1,368,517	1,430,602	1,212,555
Industrial tax transfers	110,000	139,840	112,800
Total expenditure (Note 12, 14 and 15)	27,472,651	30,161,010	25,466,087
Excess (deficiency) of revenue over expenditure	$ (3,154,559)	528,450	(1,162,296)
Accumulated excess of revenue over expenditure at beginning of year		1,826,552	2,658,708
		2,355,002	1,496,412
Less: transfers (to) from tax recovery land sales reserve (Note 16):			
Phase I	-	30,561	(6,589)
Phase II	(312,000)	(368,755)	(343,671)
Phase III	(325,000)	(3,678,780)	(469,600)
	(637,000)	(4,016,974)	(819,860)
Add: transfer from tax recovery land sales reserve (Note 16):			
Phase II	3,000,000	3,000,000	1,150,000
	$ 2,363,000	(1,016,974)	330,140
Accumulated excess of revenue over expenditure at end of year		$ 1,338,028	$ 1,826,552
Decrease in accumulated excess of revenue over expenditure during the year	$ (791,559)	$ (488,524)	$ (832,156)

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF RESERVES
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
Tax recovery land sales reserves :		
Phase I		
Balance at beginning of year	$ 39,304,276	$ 39,297,687
(Deduct) add transfers of accumulated excess of revenue over expenditure (Note 16)	(30,561)	6,589
Balance at end of year	39,273,715	39,304,276
Phase II		
Balance at beginning of year	9,999,351	10,805,680
Add transfers of accumulated excess of revenue over expenditure (Note 16)	368,755	343,671
Deduct transfers of funds to operations (Note 16)	(3,000,000)	(1,150,000)
Balance at end of year	7,368,106	9,999,351
Phase III		
Balance at beginning of year	469,600	-
Add transfer from accumulated excess of revenue over expenditure (Note 16)	3,678,780	469,600
Balance at end of year	4,148,380	469,600
Total balance at end of year	50,790,201	49,773,227
Public reserve:		
Balance at beginning and end of year	1,319	1,319
Total reserves	$ **50,791,520**	$ **49,774,546**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF EQUITY IN PHYSICAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
Equity in capital assets at beginning of year	$ 18,070,959	$ 17,267,953
Add purchase of capital assets:		
Transportation services	3,140,932	1,922,365
Administrative services	532,117	291,993
Water and sanitation services	75,882	138,256
Protective services	530,497	416,094
Agriculture and community pasture services	224,767	65,336
Recreation and cultural services	108,968	101,703
	4,613,163	2,935,747
Annual amortization of capital assets	(2,046,498)	(1,732,806)
Disposal of capital assets	(225,636)	(399,935)
Equity in capital assets at end of year	$ 20,411,988	$ 18,070,959
Equity in inventories at beginning of year	$ 2,358,948	$ 1,965,329
Add purchases and other inventory costs	1,761,833	2,028,069
Deduct requisitions	(1,803,193)	(1,634,450)
Equity in inventory at end of year	$ 2,317,588	$ 2,358,948
Equity in physical assets at end of year	**$ 22,729,576**	**$ 20,429,907**

SPECIAL AREAS TRUST ACCOUNT
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005	2004
Operating activities:		
Excess of expenditure over revenue	$ 528,450	$ (1,162,296)
Amortization of investment premiums, less discounts	218,586	282,357
Gain on sale of investments	(36,342)	(221,486)
Increase (Decrease) in provision for gravel pit reclamation	250,000	(50,000)
Purchase of capital assets	4,613,163	2,935,747
(Decrease) increase in inventories	(41,360)	393,619
	5,532,497	2,177,941
Changes in non-cash working capital accounts:		
Accounts receivable	(938,464)	355,659
Taxes receivable, net	(1,577,808)	143,600
Due to Province of Alberta, net	(220,732)	(148,820)
Accounts payable and accruals	866,180	(511,275)
Capital lease	(43,900)	-
Deferred lease revenue	50,893	165,714
Deferred provincial grant revenue	920,477	(23,748)
Inventories	41,360	(393,619)
	(901,994)	(412,489)
Cash provided by operating activities	4,630,503	1,765,452
Investing activities:		
Net change in non - current accounts receivable	(907,974)	428,488
Proceeds from redemption of investments	8,903,794	11,571,163
Purchase of investments	(10,728,435)	(11,976,127)
Purchase of capital assets	(4,613,163)	(2,935,747)
Cash applied to investing activities	(7,345,778)	(2,912,223)
Financing activities:		
Increase in provision for disability benefits	135,136	-
Decrease in capital lease	-	(43,900)
Cash applied to financing activities	135,136	(43,900)
Decrease in cash	(2,580,139)	(1,190,671)
Cash at the beginning of year	25,710,587	26,901,258
Cash at end of year	**$ 23,130,448**	**$ 25,710,587**

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 1 Authority and Purpose

The Special Areas Trust Account operates under the authority of the *Special Areas Act*, Revised Statutes of Alberta 2000, chapter S-16. The Special Areas Trust Account is held by the Special Areas Board, an agent of the Crown in right of Alberta, and as such, has a tax exempt status.

The Special Areas Board (the "Board") is appointed by the Lieutenant Governor in Council. The Board provides municipal services and long-term land resource management.

Note 2 Significant Accounting Policies

(a) General

These financial statements have been prepared in accordance with generally accepted accounting principles for municipal governments.

(b) Tax Recovery Land

Tax recovery land, including any mineral surface leases attached thereto, was acquired for insignificant amounts and is not recorded in the balance sheet. Approximately 1.155 million acres of tax recovery land remains unsold as at December 31, 2005 (2004 - 1.212 million acres).

Crown land transferred to the Province from the Government of Canada for no monetary consideration, located within the Special Areas and administered by the Special Areas Board, is not valued for financial statement purposes. This consists of approximately 1.591 million acres.

(c) Investments

Investments are valued at cost adjusted for the applicable amortization of discount or premium using the straight-line method over the period to maturity.

(d) Inventories

The cost of consumable supplies is included as expenditure when incurred. For information purposes, inventories of consumable supplies are shown on the balance sheet as physical assets at net book value with the offsetting credit to equity in physical assets.

Inventories are valued at the lower of cost or net replacement value. Costs for all inventories are determined by using the first-in-first-out method with the exception of parts which are valued by using the average costing method.

Note 2 (e) Capital Assets

(cont'd) Capital asset acquisitions are included as expenditures in the statement of revenue, expenditure and accumulated excess of revenue over expenditure. For information purposes, capital assets except the cost of construction of roads and bridges, having an original cost greater than $2,500 ($10,000 for Engineered Structures and third party software development) are shown on the statement of financial position as physical assets at net book value with the offsetting credit to equity in physical assets. All land and other off the shelf electronic data processing equipment is capitalized.

The cost of capital assets shown on the statement of financial position is amortized to estimated salvage value at the following rates (rates and values expressed as a percentage of original cost):

	Annual Amortization			Estimated Salvage Value
	Year 1	Year 2	Year 3 and Thereafter	
	%	%	%	%
Mobile equipment	5.00	5.00	5.00	5.00
Buildings / Eng. structures	2.50	2.50	2.50	2.50
Automotive equipment	20.00	15.00	10.00	10.00
Machinery and equipment	6.67	6.67	6.67	6.67
Electronic data processing				
- Hardware	40.00	30.00	20.00	-
- Software	25.00	25.00	25.00	-

The portion of the cost of purchased land attributed to the value of gravel situated on the land, is amortized at the rate at which the gravel is excavated.

(f) Pensions

The Board participates in two multi-employer defined benefit pension plans, the Management Employees Pension Plan and the Public Service Pension Plan. The Board accounts for its participation in these plans on a defined contribution basis. Pension costs included in these statements comprise the cost of employer contributions for current service of employees during the year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 2 (g) Financial Instruments

(cont'd) The carrying value of cash, current accounts receivable, taxes receivable, amounts due to Province of Alberta, and accounts payable and accruals approximate fair value due to the short-term nature of these items.

The carrying value of non-current accounts receivable approximate their fair value.

The fair value of investments is disclosed on Schedule 1.

Note 3 Cash

The Consolidated Cash Investment Trust Fund is managed with the objective of providing competitive interest income to depositors while maintaining appropriate security and liquidity of depositors' capital. The portfolio is composed of high quality short-term and mid-term fixed income securities with a maximum term to maturity of three years. As at December 31, 2005, securities held by the Fund have an average effective market yield of 3.62% per annum (2004 - 2.64% per annum).

Note 4 Accounts Receivable, Net

Accounts receivable, net of applicable allowances for doubtful accounts of $83,804 (2004 - $64,026), are comprised of the following:

	2005	2004
Current:		
From sale of tax recovery land and related mineral surface leases	$ 526,577	$ 470,862
Accrued interest	105,596	88,760
	632,173	559,622
Secondary Highway Rentals	678,888	78,678
Federal government grants	367,192	43,801
Accrued interest on investments	251,581	275,176
Leases	122,459	193,566
Miscellaneous	480,049	443,035
	$ 2,532,342	$ 1,593,878
Non-current:		
From sale of tax recovery land and related mineral surface leases	$ 2,724,665	$ 1,767,794
Other	307,791	356,688
	$ 3,032,456	$ 2,124,482

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 4 (cont'd) Payment for tax recovery land sold and for the sales of related mineral surface leases may be made in installments over a period not exceeding ten years. An interest rate of 8% per annum is applied to tax recovery land sales I & II and 6% per annum to tax recovery land sale III that commenced in 2004. Title to tax recovery land sold (and related leases sold) is transferred from the Minister of Municipal Affairs to the purchaser after all payments have been received. If a purchaser defaults in payment, the agreement(s) for sale may be declared null and void and all monies received may be retained as liquidated damages.

Note 5 Due from Province of Alberta, Net

The net amount due from the Province of Alberta is comprised of the following:

	2005	2004
Due from Province of Alberta:		
Alberta Infrastructure & Transportation	$ 410,725	$ 168,349
Other	45,323	34,424
	456,048	202,773
Due to Province of Alberta:		
Alberta Environment	(193,126)	(218,881)
Other	(133,836)	(75,538)
	(326,962)	(294,419)
Due from (to) Province of Alberta, net	$ 129,086	$ (91,646)

Note 6 Physical Assets

	2005			2004
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Capital Assets:				
Mobile equipment	$ 15,458,865	$ 4,863,254	$ 10,595,611	$ 9,048,453
Buildings / Eng. Structures	7,641,874	3,027,045	4,614,829	4,327,087
Automotive equipment	7,676,296	4,855,019	2,821,277	2,320,719
Machinery and equipment	2,613,979	1,552,954	1,061,025	1,037,803
Land	1,088,379	89,563	998,816	993,116
Electronic data processing				
- hardware	621,494	445,697	175,797	76,444
- software	991,448	846,815	144,633	267,337
Capital Assets, carried f'wd.	$ 36,092,335	$ 15,680,347	$ 20,411,988	$ 18,070,959

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 6 (cont'd)

	2005			2004
	Cost	Allowance for obsolescence	Net Book Value	Net Book Value
Inventory:				
Parts	$ 1,037,119	$ 10,371	$ 1,026,748	$ 967,494
Gravel	1,090,305	-	1,090,305	1,248,222
Culverts	71,326	-	71,326	37,616
Fuel	57,143	-	57,143	49,942
Chemicals	31,458	-	31,458	35,536
Fencing & other	40,608	-	40,608	20,138
	$ 2,327,959	$ 10,371	2,317,588	2,358,948
Capital Assets, brought f'wd.			20,411,988	18,070,959
Total physical assets			$ 22,729,576	$ 20,429,907

Note 7 Deferred Provincial Grant Revenue

	2005	2004
Infrastructure & Transportation	$ 1,047,852	$ 21,186
Emergency Services	16,284	6,000
Agriculture, Food and Rural Development	-	100,000
Municipal Affairs	-	16,473
	$ 1,064,136	$ 143,659

Note 8 Provision for Gravel Pit Reclamation

The provision for gravel pit reclamation costs are estimates of future costs of restoring gravel pits to the standards required by the *Environmental Protection and Enhancement Act*.

There is uncertainty with respect to the measurement of the estimates. Measurement uncertainty exists when there is a significant variance between the amount recognized in the financial statements and another reasonably possible amount.

Reclamation is ongoing and the uncertainty inherent in the provision will thus be partially resolved each year.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 9 Provincial Grants

	2005	2004
Infrastructure & Transportation	$ 1,908,785	$ 1,753,035
Agriculture, Food and Rural Development	419,922	265,664
Environment	262,261	150,000
Health & Wellness	143,561	16,004
Children's Services	122,171	122,171
Municipal Affairs	65,089	48,266
Community Development	16,000	16,000
Human Resources and Employment	3,169	3,169
	$ 2,940,958	$ 2,374,309

Note 10 Lease Revenue

	2005	2004
Mineral surface leases	$ 3,639,917	$ 3,287,214
Equipment & secondary highway rentals	1,013,331	669,265
Grazing leases	903,727	1,137,039
Community pastures	440,040	367,965
Cultivation leases	362,714	394,924
Other	562,924	516,385
	$ 6,922,653	$ 6,372,792

Note 11 Other Revenue

	2005	2004
Federal government grants	$ 369,743	$ -
Fuel Tax Rebate	356,140	-
Park permits & concessions	325,618	256,721
Oil well drilling taxes	305,367	220,696
License, permits, assignments and application fees	250,103	401,822
Proceeds on sale of capital assets	211,723	611,256
Municipal services cost recovery	174,097	205,231
Sale of sand and gravel	134,257	163,281
Miscellaneous	248,628	301,060
	$ 2,375,676	$ 2,160,067

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 12 Total Expenditure

Total expenditure for the year is analyzed by object of expenditure as follows:

	2005	2004
Manpower (Schedule 2)	$ 9,144,970	$ 8,090,677
Materials, goods, and utilities	7,051,861	6,350,404
Contract and general services	6,494,031	5,537,514
Capital assets acquired	4,613,163	2,935,747
Grants	2,401,004	2,188,612
Goods and services from Alberta Government departments		
Alberta Revenue		
Risk Management	154,228	159,291
Investment fees	6,563	5,814
Alberta Municipal Affairs		
Linear assessment	80,219	75,131
Government Services	17,977	12,063
Other departments	-	2,287
Provision (recovery) for doubtful accounts	57,154	(4,253)
Industrial tax transfers	139,840	112,800
	$ 30,161,010	$ 25,466,087

Note 13 Pension Plan

The Board participates with other employers in the Public Service Pension Plan ("PSPP") and the Management Employees Pension Plan ("MEPP"). These plans provide pensions for the Board's employees based on years of service and earnings.

Total current contributions by the Board in 2005 to the PSPP were $230,468 (2004 - $224,410) and to the MEPP were $133,088 (2004 - $101,446).

At December 31, 2004, the PSPP reported a deficiency of $450,068,000 (2003 - $584,213,000) and the MEPP reported a deficiency of $268,101,000 (2003 - $290,014,000).

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 14 Related Party Transactions

Expenditures for goods and services provided by the Province and billed to the Board are disclosed in Note 12.

Grants provided by the Province are disclosed in Note 9 and the amounts outstanding at the end of the year are disclosed in Note 5.

During 2005, the Board received funds as agent for Alberta Environment amounting to $193,126, all of which is included as due to the Department at the end of the year.

Note 15 Administration Expenses

Accommodation costs for the offices at Hanna, amounting to approximately $70,000 annually, have not been included in the expenditures of the Board. The building is owned and operated by Alberta Infrastructure & Transportation and all costs are recorded as expenditure of that Ministry.

Note 16 Tax Recovery Land Sales Reserve

Transfers to (from) tax recovery land sales reserve have been determined as follows:

	Phase I	Phase II	Phase III	Total
Land sales	$ (30,561)	$ -	$ 3,678,780	$ 3,648,219
Transfers	-	(3,000,000)	-	(3,000,000)
Interest	-	368,755	-	368,755
	$ (30,561)	$ (2,631,245)	$ 3,678,780	$ 1,016,974

Phases I, II and III relate to proceeds from sales under the 1981, 1988 and 2004 tax recovery land sales policies respectively.

Phases I and III exclude interest revenue and have not been earmarked for specific expenditures.

Phase II includes interest earned under agreements for sale and investment interest earned on Phase II funds and is earmarked for future capital projects as authorized by the Minister of Municipal Affairs.

SPECIAL AREAS TRUST ACCOUNT
NOTES TO THE FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2005

Note 17 Contractual Obligation

The Board has entered into seven long-term operating leases for equipment. The future lease payments are as follows:

2006	$	632,453
2007		632,453
2008		266,500
2009		225,637
2010		-
	$	1,757,043

Note 18 Budget

The 2005 municipal budget was adopted by the Board and approved by the Minister of Municipal Affairs in January 2005.

Note 19 Comparative Figures

Certain 2004 figures have been reclassified to conform to 2005 presentation.

Note 20 Approval of Financial Statements

These financial statements have been approved by the Board.

Schedule 1

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF INVESTMENTS
AS AT DECEMBER 31, 2005

	2005						2004
	Stated Interest Rate	Effective Interest Rate	Maturity Date	Par Value	Fair Value	Book Value	Book Value
Bonds:							
Bank of Montreal	7.000%	4.320%	January 28, 2010	$ 180,000	$ 198,562	$ 197,457	$ 201,736
Bank of Montreal	8.150%	5.450%	May 9, 2011	250,000	253,685	264,484	267,188
Bank of Nova Scotia	4.515%	4.510%	November 19, 2008	700,000	707,210	700,000	700,000
BC Muni Finance	7.750%	3.920%	December 1, 2005	-	-	-	753,879
Canada Housing Trust	4.750%	3.040%	March 15, 2007	-	-	-	476,656
Canada Housing Trust	4.750%	4.470%	March 15, 2007	-	-	-	603,355
Canada Housing Trust	4.400%	3.420%	March 15, 2008	750,000	756,728	765,363	-
Canada Housing Trust	3.700%	4.320%	September 15, 2008	1,600,000	1,588,080	1,575,907	1,567,015
Canada Housing Trust	4.100%	4.130%	December 15, 2008	300,000	300,786	299,739	299,651
Canada Housing Trust	3.550%	4.020%	March 15, 2009	1,760,000	1,735,765	1,736,015	1,728,532
Canada Housing Trust	3.750%	3.530%	March 15, 2010	3,500,000	3,460,905	3,528,259	-
Government of Canada	8.750%	2.680%	December 1, 2005	-	-	-	36,925
Government of Canada	5.750%	4.000%	September 1, 2006	-	-	-	1,939,945
Government of Canada	3.250%	3.130%	December 1, 2006	-	-	-	501,054
Government of Canada	7.000%	2.840%	December 1, 2006	200,000	205,552	207,453	-
Government of Canada	3.000%	3.780%	June 1, 2007	1,090,000	1,077,639	1,078,302	-
Government of Canada	7.250%	4.970%	June 1, 2007	911,000	953,234	936,668	1,248,248
Government of Canada	4.500%	3.530%	September 1, 2007	2,259,000	2,282,561	2,294,195	2,315,289
Government of Canada	6.000%	4.580%	June 1, 2008	1,910,000	2,002,979	1,969,167	1,993,625
Government of Canada	4.250%	3.380%	September 1, 2008	880,000	888,070	899,640	594,885
Government of Canada	5.500%	4.770%	June 1, 2009	1,380,000	1,450,173	1,420,297	1,432,083
Government of Canada	4.250%	3.650%	September 1, 2009	1,735,000	1,755,091	1,770,396	1,384,595
Government of Canada	5.500%	4.090%	June 1, 2010	520,000	553,093	549,830	463,060
Government of Canada	6.000%	5.920%	June 1, 2011	95,000	104,499	95,301	95,357
Province of British Columbia	8.000%	4.600%	August 23, 2005	-	-	-	305,987
Province of Manitoba	6.250%	5.930%	September 1, 2009	400,000	429,880	403,788	404,819
Province of Ontario	5.900%	3.490%	March 8, 2006	-	-	-	503,248
Province of Ontario	3.500%	2.640%	September 8, 2006	400,000	399,368	402,293	1,216,886
Province of Ontario	5.200%	3.220%	March 8, 2007	-	-	-	728,638
Province of Ontario	5.700%	3.380%	December 1, 2008	740,000	773,759	787,290	-
Province of Ontario	6.100%	4.040%	November 19, 2010	300,000	326,574	327,219	-
Province of Quebec	5.500%	4.160%	June 1, 2009	280,000	292,510	291,527	294,898
Province of Quebec	6.250%	4.400%	December 1, 2010	1,750,000	1,910,422	1,892,206	1,180,267
Financement Quebec	5.750%	3.760%	December 1, 2008	470,000	491,686	495,274	-
Royal Bank of Canada	5.500%	4.360%	February 13, 2011	670,000	671,447	683,262	685,850
TD Bank	5.200%	3.250%	September 4, 2012	700,000	712,614	735,176	740,440
				25,730,000	26,282,872	26,306,508	24,664,111
Alberta Capital Finance Authority			(15 Shares)	-	150	150	150
Agricore United Common Shares			(7,918 Shares)	-	55,426	43,550	43,550
				$ 25,730,000	$ 26,338,448	$ 26,350,208	$ 24,707,811

Schedule 2

SPECIAL AREAS TRUST ACCOUNT
SCHEDULE OF SALARIES AND BENEFITS
FOR THE YEAR ENDED DECEMBER 31, 2005

	2005				2004	
	Number of Individuals (a)	Salary (b)	Other Cash Benefits (c)	Other Non-cash Benefits (d)	Total	Number of Individuals	Total
Chairman of the Special Areas Board	1	$ 112,605	$ 4,309	$ 25,148	$ 142,062	1	$ 124,165
Special Areas Board members	2	9,618	-	513	10,131	2	9,525
Director of Finance and Administration	1	88,887	3,101	20,620	112,608	1	94,982
Director of Municipal Services	1	88,638	11,242	20,655	120,535	1	107,235
Director of Properties Administration	1	88,932	6,727	20,690	116,349	1	103,499
Roads & Equipment Superintendent	1	74,310	7,171	18,267	99,748	1	92,055
Managers (e)	4	273,522	932	65,927	340,381	4	310,971
Other full time staff (f)	76.0	3,925,832	-	699,972	4,625,804	76.3	4,412,711
Part time and casual wage staff		2,985,291	-	518,807	3,504,098		2,750,245
Other Boards and committees		33,002	-	763	33,765		31,213
Advisory Councillors	13	18,900	-	1,228	20,128	13	16,718
Increase in vacation accrual		19,361	-	-	19,361		37,358
		$ 7,718,898	$ 33,482	$ 1,392,590	$ 9,144,970		$ 8,090,677

(a) Number of individuals consists of full time equivalents, except for Special Areas Board members and Advisory Councillors.

(b) Salary includes regular base pay.

(c) Other cash benefits includes bonuses, lump sum payments, honoraria and vacation payouts.

(d) Employer's share of all employee benefits and contributions or payments made on behalf of employees, managers and board members including Workers' Compensation Board, Canada Pension Plan, Employment Insurance, camp allowances, pension, health care, dental coverage, out of country medical benefits, membership fees, group life insurance, accidental death and dismemberment insurance and long-term disability plan.

(e) Average salary is $68,381 and average benefits are $16,715 totaling $85,096. (2004 - $77,743).

(f) Average salary is $51,656 and average benefits are $9,210 totaling $60,866. (2004 - $57,834).

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Access to the Future Fund[1]	Advanced Education
Agriculture Financial Services Corporation	Agriculture, Food and Rural Development
Alberta Alcohol and Drug Abuse Commission	Health and Wellness
Alberta Capital Finance Authority	Finance
Alberta Energy and Utilities Board	Energy
Alberta Foundation for the Arts	Community Development
Alberta Gaming and Liquor Commission	Gaming
Alberta Heritage Foundation for Medical Research Endowment Fund	Finance
Alberta Heritage Savings Trust Fund	Finance
Alberta Heritage Scholarship Fund	Finance
Alberta Heritage Science and Engineering Research Endowment Fund	Finance
Alberta Historical Resources Foundation	Community Development
Alberta Insurance Council	Finance
Alberta Local Authorities Pension Plan Corporation[2]	Finance
Alberta Pensions Administration Corporation	Finance
Alberta Petroleum Marketing Commission	Energy
Alberta Research Council Inc.	Innovation and Science
Alberta Risk Management Fund	Finance
Alberta School Foundation Fund	Education
Alberta Science and Research Authority	Innovation and Science
Alberta Securities Commission	Finance
Alberta Social Housing Corporation	Seniors and Community Supports
Alberta Sport, Recreation, Parks and Wildlife Foundation	Community Development
Alberta Treasury Branches	Finance
ATB Investment Management Inc.	Finance
ATB Investment Services Inc.	Finance
ATB Services Inc.	Finance
Child and Family Services Authorities:	Children's Services
Calgary and Area Child and Family Services Authority	
Central Alberta Child and Family Services Authority	
East Central Alberta Child and Family Services Authority	
Edmonton and Area Child and Family Services Authority	
North Central Alberta Child and Family Services Authority	
Northeast Alberta Child and Family Services Authority	
Northwest Alberta Child and Family Services Authority	
Southeast Alberta Child and Family Services Authority	
Southwest Alberta Child and Family Services Authority	
Metis Settlements Child and Family Services Authority	
Credit Union Deposit Guarantee Corporation	Finance
Department of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Department of Advanced Education	Advanced Education
Department of Children's Services	Children's Services
Department of Community Development	Community Development
Department of Education	Education
Department of Energy	Energy
Department of Finance	Finance
Department of Gaming	Gaming
Department of Health and Wellness	Health and Wellness
Department of Innovation and Science	Innovation and Science
Department of Seniors and Community Supports	Seniors and Community Supports
Department of Solicitor General and Public Security	Solicitor General and Public Security
Department of Sustainable Resource Development	Sustainable Resource Development
Environmental Protection and Enhancement Fund	Sustainable Resource Development
Gainers Inc.	Finance
Government House Foundation	Community Development
Historic Resources Fund	Community Development
Human Rights, Citizenship and Multiculturalism Education Fund	Community Development
iCORE Inc.	Innovation and Science
Lottery Fund	Gaming
Ministry of Aboriginal Affairs and Northern Development[1]	Aboriginal Affairs and Northern Development
Ministry of Advanced Education	Advanced Education
Ministry of Agriculture, Food and Rural Development	Agriculture, Food and Rural Development
Ministry of Children's Services	Children's Services
Ministry of Community Development	Community Development
Ministry of Economic Development[1]	Economic Development
Ministry of Education	Education
Ministry of Energy	Energy
Ministry of Environment[1]	Environment
Ministry of Executive Council[1]	Executive Council
Ministry of Finance	Finance
Ministry of Gaming	Gaming
Ministry of Government Services[1]	Government Services
Ministry of Health and Wellness	Health and Wellness
Ministry of Human Resources and Employment[1]	Human Resources and Employment
Ministry of Infrastructure and Transportation[1]	Infrastructure and Transportation
Ministry of Innovation and Science	Innovation and Science
Ministry of International and Intergovernmental Relations[1]	International and Intergovernmental Relations
Ministry of Justice[1]	Justice
Ministry of Municipal Affairs[1]	Municipal Affairs
Ministry of Restructuring and Government Efficiency[1]	Restructuring and Government Efficiency
Ministry of Seniors and Community Supports	Seniors and Community Supports
Ministry of Solicitor General and Public Security	Solicitor General and Public Security
Ministry of Sustainable Resource Development	Sustainable Resource Development
N.A. Properties (1994) Ltd.	Finance
Natural Resources Conservation Board	Sustainable Resource Development

[1] Established July 10, 2005.
[2] Incorporated December 16, 2005.

[1] Ministry includes only the departments so separate departmental financial statements are not necessary.

ENTITIES INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Ministry, Department, Fund or Agency	*Ministry Annual Report*
Persons with Developmental Disabilities Community Boards:	Seniors and Community Supports
Calgary Region Community Board	
Central Region Community Board	
Edmonton Region Community Board	
Northeast Region Community Board	
Northwest Region Community Board	
South Region Community Board	
Persons with Developmental Disabilities Provincial Board	Seniors and Community Supports
Provincial Judges and Masters in Chambers Reserve Fund	Finance
Safety Codes Council	Municipal Affairs
Supplementary Retirement Plan Reserve Fund	Finance
Victims of Crime Fund	Solicitor General and Public Security
Wild Rose Foundation	Community Development

ENTITIES NOT INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY

Fund or Agency	*Ministry Annual Report*
Alberta Foundation for Health Research	Innovation and Science
Alberta Heritage Foundation for Medical Research	Innovation and Science
Alberta Heritage Foundation for Science and Engineering Research	Innovation and Science
Alberta Teachers' Retirement Fund Board	Education
Improvement Districts' Trust Account	Municipal Affairs
Local Authorities Pension Plan	Finance
Long-Term Disability Income Continuance Plan – Bargaining Unit	Human Resources and Employment
Long-Term Disability Income Continuance Plan – Management, Opted Out and Excluded	Human Resources and Employment
Management Employees Pension Plan	Finance
Provincial Judges and Masters in Chambers Pension Plan	Finance
Provincial Judges and Masters in Chambers (Unregistered) Pension Plan	Finance
Public Service Management (Closed Membership) Pension Plan	Finance
Public Service Pension Plan	Finance
Special Areas Trust Account	Municipal Affairs
Special Forces Pension Plan	Finance
Supplementary Retirement Plan for Public Service Managers	Finance
Workers' Compensation Board	Human Resources and Employment

SCHOOL, UNIVERSITIES, COLLEGES AND HOSPITALS INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY ON A MODIFIED EQUITY BASIS[4]

School Boards and Schools	*Ministry Annual Report*
Almadina School Society	Education
Aspen View Regional Division No. 19	Education
Aurora School Ltd.	Education
Battle River Regional Division No. 31	Education
Black Gold Regional Division No. 18	Education
Boyle Street Education Centre	Education
Buffalo Trail Public Schools Regional Division No. 28	Education
Calgary Arts Academy Society	Education
Calgary Girls' School Society	Education
Calgary Roman Catholic Separate School District No. 1	Education
Calgary School District No. 19	Education
Calgary Science School Society	Education
Canadian Rockies Regional Division No. 12	Education
CAPE-Centre for Academic and Personal Excellence Institute	Education
Chinook's Edge School Division No. 73	Education
Christ the Redeemer Catholic Separate Regional Division No. 3	Education
Clearview School Division No. 71	Education
East Central Alberta Catholic Separate Schools Regional Division No. 16	Education
East Central Francophone Education Region No. 3	Education
Edmonton Catholic Separate School District No. 7	Education
Edmonton School District No. 7	Education
Elk Island Catholic Separate Regional Division No. 41	Education
Elk Island Public Schools Regional Division No. 14	Education
Evergreen Catholic Separate Regional Division No. 2	Education
Foothills School Division No. 38	Education
Fort McMurray Roman Catholic Separate School District No. 32	Education
Fort McMurray School District No. 2833	Education
Fort Vermilion School Division No. 52	Education
Foundations for the Future Charter Academy Charter School Society	Education
Golden Hills School Division No. 75	Education
Grande Prairie Roman Catholic Separate School District No. 28	Education
Grande Prairie Public School District No. 2357	Education
Grande Yellowhead Regional Division No. 35	Education
Grasslands Regional Division No. 6	Education
Greater North Central Francophone Education Region No. 2	Education
Greater Southern Public Francophone Education Region No. 4	Education
Greater Southern Separate Catholic Francophone Education Region No. 4	Education
Greater St. Albert Catholic Regional Division No. 29	Education

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

SCHOOL, UNIVERSITIES, COLLEGES AND HOSPITALS INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY ON A MODIFIED EQUITY BASIS[4]

School Boards and Schools	*Ministry Annual Report*
High Prairie School Division No. 48	Education
Holy Family Catholic Regional Division No. 37	Education
Holy Spirit Roman Catholic Separate Regional Division No. 4	Education
Horizon School Division No. 67	Education
Lakeland Roman Catholic Separate School District No. 150	Education
Lethbridge School District No. 51	Education
Living Waters Catholic Regional Division No. 42	Education
Livingstone Range School Division No. 68	Education
Medicine Hat Catholic Separate Regional Division No. 20	Education
Medicine Hat School District No. 76	Education
Moberly Hall School Society	Education
Mother Earth's Children's Charter School Society	Education
New Horizons Charter School Society	Education
Northern Gateway Regional Division No. 10	Education
Northern Lights School Division No. 69	Education
Northland School Division No. 61	Education
Northwest Francophone Education Region No. 1	Education
Palliser Regional Division No. 26	Education
Parkland School Division No. 70	Education
Peace River School Division No. 10	Education
Peace Wapiti School Division No. 76	Education
Pembina Hills Regional Division No. 7	Education
Prairie Land Regional Division No. 25	Education
Prairie Rose Regional Division No. 8	Education
Red Deer Catholic Regional Division No. 39	Education
Red Deer School District No. 104	Education
Rocky View School Division No. 41	Education
St. Albert Protestant Separate School District No. 6	Education
St. Paul Education Regional Division No. 1	Education
St. Thomas Aquinas Roman Catholic Separate Regional Division No. 38	Education
Sturgeon School Division No. 24	Education
Suzuki Charter School Society	Education
Westmount Charter School Society	Education
Westwind School Division No. 74	Education
Wetaskiwin Regional Division No. 11	Education
Wild Rose School Division No. 66	Education
Wolf Creek School Division No. 72	Education
Universities	
Athabasca University	Advanced Education
The University of Alberta	Advanced Education

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

SCHOOL, UNIVERSITIES, COLLEGES AND HOSPITALS INCLUDED IN THE CONSOLIDATED GOVERNMENT REPORTING ENTITY ON A MODIFIED EQUITY BASIS[4]

Universities	*Ministry Annual Report*
The University of Calgary	Advanced Education
The University of Lethbridge	Advanced Education
Colleges	
Alberta College of Art and Design	Advanced Education
Bow Valley College	Advanced Education
Grande Prairie Regional College	Advanced Education
Grant MacEwan College	Advanced Education
Keyano College	Advanced Education
Lakeland College	Advanced Education
Lethbridge Community College	Advanced Education
Medicine Hat College	Advanced Education
Mount Royal College	Advanced Education
NorQuest College	Advanced Education
Northern Lakes College	Advanced Education
Olds College	Advanced Education
Portage College	Advanced Education
Red Deer College	Advanced Education
Technical Institutes and The Banff Centre	
Northern Alberta Institute of Technology	Advanced Education
Southern Alberta Institute of Technology	Advanced Education
The Banff Centre for Continuing Education	Advanced Education
Regional Health Authorities and Other Health Institutions	
Alberta Cancer Board	Health and Wellness
Alberta Mental Health Board	Health and Wellness
Aspen Regional Health Authority	Health and Wellness
Calgary Health Region	Health and Wellness
Capital Health	Health and Wellness
Chinook Regional Health Authority	Health and Wellness
David Thompson Regional Health Authority	Health and Wellness
East Central Health	Health and Wellness
Northern Lights Regional Health Authority	Health and Wellness
Peace Country Health	Health and Wellness
Palliser Health Region	Health and Wellness

[4] The Public Sector Accounting Board of the Canadian Institute of Chartered Accountants has issued standards that require controlled entities to be fully consolidated line-by-line. In a transitional period to March 31, 2008, the Ministry is permitted to use the modified equity method of accounting. Under the modified equity method, the controlled entities' net assets and operating results would be included in one line on the Ministry's consolidated statements of financial position and operations, respectively. The Ministry has not yet included the financial statements of these controlled entities. In the transitional period, the government will assess when and how to include these controlled entities in the Ministry's consolidated financial statements. The financial results of these controlled entities are included in the consolidated financial statements of the Province of Alberta for the year ended March 31, 2006 on a modified equity basis.

Note to Readers:

Copies of the annual report are available on the Alberta Municipal Affairs Website or by contacting:

Alberta Municipal Affairs
Communications
18th Floor, Commerce Place
10155 - 102 Street
Edmonton, AB T5J 4L4

Phone: (780) 427-8862
Fax: (780) 422-1419
E-mail: comments@gov.ab.ca

Website: www.municipalaffairs.gov.ab.ca

ISBN 0-7785-4200-9
ISSN: 0701-6522

ISBN 0-7785-4200-9
ISSN: 0701-6522

Alberta
Municipal Affairs

Printed on Recycled Paper